

The U.S. Department of State's Directorate of Defense Trade Controls (DDTC) has posted on its website a notice that Effective July 15, 2019, the Registration division's name within the Office of Defense Trade Controls Compliance (DTCC) will change to the Registration Compliance & Analysis (RCA) division. There is no change to the Registration organization structure. All registration letters issued on and after July 15, 2019 ,will reflect the RCA division. All active registration letters issued before July 15, 2019, will remain valid and no changes are required. Updates to the DDTC Website will also occur on July 15, 2019, to be consistent with this DTCC/Registration name change.

## 2. DDTC Posts Four New Name/Address Change Announcements

The U.S. Department of State's Directorate of Defense Trade Controls (DDTC) has posted on its website the following four new name/address change announcements:

- Singapore Technologies to ST Engineering Name Changes
- BAE Systems Global Combat Systems Ltd to Rheinmetall BAE Systems Land Limited Name Change
- Harris Systems Limited Address Change
- Spezialtechnik Dresden GmbH Name and Address Change

## 3. BIS Posts Presentations from BIS 2019 Update Conference

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has posted on its website the following presentations from its BIS 2019 Update Conference held July 9-11, 2019, in Washington, DC:

<ul style="list-style-type: none"> <li>• 600 Series</li> <li>• Air and Space -- BIS</li> <li>• Air and Space -- NASA</li> <li>• Air and Space -- NOAA</li> <li>• Census -- ACE Export Reports</li> <li>• Census -- Global Market Finder</li> <li>• CFIUS -- BIS</li> <li>• CFIUS -- ITA</li> <li>• Compliance -- BIS</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance -- DDTC Compliance Program</li> <li>• Compliance -- OFAC</li> <li>• Deemed Exports</li> <li>• Encryption</li> <li>• Freight Forwarders and Routed Transactions</li> <li>• Proscribed Parties and Catch-All Controls</li> <li>• Regulatory Update</li> </ul>
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|  | <ul style="list-style-type: none"><li>• Sanctions</li><li>• Section 232</li></ul> |
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#### **4. BIS Reaches Settlement Agreement with Two Iranian-American Individuals and an Iranian Co.**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that Pouran Aazad, a.k.a. Pouran Azad, a.k.a. Pourandokt Aazad, a.k.a. Pourandokt Azad ("Aazad"), Sadr Emad-Vaez, a.k.a. Seid Sadredin Emad Vaez ("Emad-Vaez"), both of Palo Alto, Hills, California, and Ghareh Sabz Co., a.k.a. Ohare Sabz Co., a.k.a. GHS Technology ("Ghareh Sabz Co.") of Tehran, Iran, have jointly and severally agreed to pay a civil penalty of \$300,000 and to have their export privileges denied for ten years to settle charges that they committed one violation of EAR § 764.2 (Conspiracy to to export an item from the United States to Iran without the required U.S. Government authorization). Beginning as early as in or around November 2012, continuing at least until on or about April 26, 2013, Aazad, Emad-Vaez, and Ghareh Sabz Co. conspired and acted in concert with others, known and unknown, to evade the longstanding and well-known U.S. embargo against Iran by purchasing a U.S.origin micro-drill press for export to Iran and causing the export of this item to Iran, via transshipment through the United Arab Emirates ("UAE"), without the required U.S. Government authorization. [Click here for the Settlement Agreement and related documentation.](#)

#### **5. Two Mitsubishi Units Settle Antiboycott Charges**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced the settlement of the following antiboycott cases:

- Mitsubishi International Corporation (MIC) has agreed to pay a civil penalty of \$5,000 to settle charges that it committed one violation of EAR § 760.2(d) (Furnishing information about business relationships with boycotted countries or blacklisted persons) and two violations of EAR § 760.5 (Failing to report the receipt of a request to engage in a restrictive trade practice or foreign boycott against a country friendly to the United States). These violations took place during the period June 2013 through January 2014, MIC engaged in transactions involving the sale and/or transfer of goods and services (including information) from the United States to Bahrain and Oman, activities in the interstate or foreign commerce of the United States, as defined in EAR § 760.1(d). [Click here for the Settlement Agreement and related documentation.](#)
- Mitsubishi International Polymer Trade Corporation (MIP) has agreed to pay a civil penalty of \$15,000 to settle charges that it committed to violations of EAR § 760.2(d) (Furnishing information about business relationships with boycotted countries or blacklisted persons) and nine violations of EAR § 760.5 (Failing to report the receipt of a request to engage in a restrictive trade practice or foreign boycott against a country friendly to the United States). These violations took place during the period April 2014 through March 2015 when MIP engaged in transactions involving the sale and/or transfer of goods or services (including information) from the United States to Oman and the United Arab Emirates, activities in the interstate or foreign commerce of the United States, as defined in EAR § 760.1(d). [Click here for the Settlement Agreement and related documentation.](#)



## **6. OFAC Sanctions Venezuela's Military Counterintelligence Agency Following the Death of a Venezuelan Navy Captain**

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has designated the Government of Venezuela's General Directorate of Military Counterintelligence, or La Dirección General de Contrainteligencia Militar, most commonly known as the DGCIM. This action, taken pursuant to Executive Order (E.O.) 13850, as amended, targets the DGCIM for operating in Venezuela's defense and security sector. On June 21, 2019, the DGCIM detained Navy Captain Rafael Acosta Arévalo, claiming he was involved in a plot to assassinate Maduro. When Acosta was next seen publicly at his hearing seven days later, he showed signs of physical abuse, including being in a wheelchair, and he was unable to speak. On June 29, Captain Acosta died. On July 5, 2019, the UN Office of the High Commissioner for Human Rights released a report that detailed methods used by the DGCIM to extract information and confessions, intimidate, and punish detainees. Earlier reports by the Organization of American States and Human Rights Watch, among other organizations, have also detailed the DGCIM's brutality and use of torture. As a result of this action, all property and interests in property of this entity, and of any entities that are owned, directly or indirectly, 50 percent or more by this entity, that are in the United States or in the possession or control of U.S. persons are blocked and must be reported to OFAC. OFAC's regulations generally prohibit all dealings by U.S. persons or within (or transiting) the United States that involve any property or interests in property of blocked or designated persons.

## **7. OFAC Targets Iranian-Backed Hizballah Officials for Exploiting Lebanon's Political and Financial System**

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has designated key Hizballah political and security figures leveraging their privileged positions to facilitate Hizballah's malign agenda and do Iran's bidding. Specifically, OFAC designated Hizballah Members of Parliament Amin Sherri and Muhammad Hasan Ra'd, and Hizballah security official Wafiq Safa, for acting for or on behalf of Hizballah. These individuals were designated under Executive Order (E.O.) 13224, which targets terrorists and those providing support to terrorists or acts of terrorism. As a result of these actions, all property and interests in property of these targets that are in the United States or in the possession or control of U.S. persons must be blocked and reported to OFAC. OFAC's regulations generally prohibit all dealings by U.S. persons or within the United States (including transactions transiting the United States) that involve any property or interests in property of blocked or designated persons. In addition, persons that engage in certain transactions with the individuals and entities designated today may themselves be exposed to sanctions or subject to an enforcement action. Furthermore, the three designated individuals are subject to secondary sanctions pursuant to the Hizballah Financial Sanctions Regulations, which implements the Hizballah International Financing Prevention Act of 2015, as amended by the Hizballah International Financing Prevention Amendments Act of 2018. Pursuant to this authority, OFAC can prohibit or impose strict conditions on the opening or maintaining in the United States of a correspondent account or a payable-through account by a foreign financial institution that knowingly facilitates a significant transaction for Hizballah, or a person acting on behalf of or at the direction of, or owned or controlled by, Hizballah. [Click here for further identifying information on the designated individuals.](#)

## **8. OFAC Targets Cuban Support for the Illegitimate Venezuelan Regime**

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has designated Cubametales, the Cuban state-run oil import and export company, for its continued importation of oil from Venezuela. Cuba, in exchange for this oil, continues to provide support, including defense, intelligence, and security assistance, to the illegitimate regime of former President Nicolas Maduro. This action, taken pursuant to Executive Order (E.O.) 13850, as amended, targets the company for operating in the oil sector of the Venezuelan economy. As a result of this action, all property and interests in property of this entity, and of any entities that are owned, directly or indirectly, 50 percent or more by the designated entity, that are in the United States or in the possession or control of U.S. persons are blocked and must be reported to OFAC. OFAC's regulations generally prohibit all dealings by U.S. persons or within (or transiting) the United States that involve any property or interests in property of blocked or designated persons. In addition to the designation of Cubametales, OFAC is delisting PB Tankers S.p.A. (PB Tankers). OFAC designated PB Tankers on April 12, 2019, for operating in the oil sector of the Venezuelan economy. As a part of this designation, six vessels were identified as blocked property in the interest of PB Tankers; one vessel, named the Silver Point, was used to deliver oil products from Venezuela to Cuba. Following the company's designation, PB Tankers terminated its charter agreement with Cubametales, which had chartered the Silver Point to transport oil between Venezuela and Cuba. Likewise, PB Tankers took additional steps to increase scrutiny of its business operations to prevent future sanctionable activity. [Click here for further identifying information.](#)

## **9. President Trump Issues Executive Order on Maximizing Use of American-Made Goods and Materials**

President Donald J. Trump has issued an Executive Order aimed at maximizing the use of the American-made goods and materials. Among other things, the EO requires that within 180 days, the FAR Council shall consider proposing for notice and Public comment:

- An amendment to the applicable provisions in the FAR that would provide that materials shall be considered to be of foreign origin if: (A) for iron and steel end products, the cost of foreign iron and steel used in such iron and steel end products constitutes 5 percent or more of the cost of all the products used in such iron and steel end products; or (B) for all other end products, the cost of the foreign products used in such end products constitutes 45 percent or more of the cost of all the products used in such end products; and
- An amendment to the applicable provisions in the FAR that would provide that the executive agency concerned shall in each instance conduct the reasonableness and public interest determination referred to in 41 U.S.C. §§8302 and 8303, on the basis of the following-described differential formula, subject to the terms thereof: the sum determined by computing 20 percent (for other than small businesses), or 30 percent (for small businesses), of the offer or offered price of materials of foreign origin.

## **10. DoD/DSCA Notifies Congress of Possible FMS to Germany, Greece, and Taipei**

The U.S. Department of Defense's Defense Security Cooperation Agency (DSCA) has notified the Congress of the following possible Foreign Military Sales:

- The Government of Germany has requested to buy fifty (50) Patriot Advanced Capability 3 (PAC-3) Missiles Segment Enhanced (MSE). Also included are PAC-3 MSE launcher conversion kits; Missile Round Trainers (MRTs); Empty Round Trainers (ERTs); Launcher Stations (LS) heater controllers; PAC-3 ground support equipment; concurrent spare parts; documentation and publications; PAC-3 MSE shorting plugs; Quality Assurance Team; missile canister consumables; missile skid kits; PAC-3 MSE repair and return; missile Field Surveillance Program (FSP) for PAC-3 MSE; U.S. Government transportation; MSE launcher spare parts; PAC-3/MSE GMT kits; MSE DC motor kits; targets; Telemetry; U.S. Government range support; MSE flight test support; U.S. Government and contractor engineering; technical and logistics support services; and other related elements of logistical and program support. The total estimated value is \$401 million. The prime contractor will be Lockheed Martin, Dallas, TX. There are no known offset agreements proposed in connection with this potential sale.
- The Government of Greece has requested to buy up to seven (7) MH-60R Multi-Mission Helicopters equipped with ten (10) APS-I 53(V) Multi-Mode Radars (7 installed, 3 spares); eighteen (18) T700 GE-401 C Engines (14 installed, 4 spares); seven (7) Airborne Low Frequency System (ALFS) (7 installed); ten (10) AN/ AAS-44C(V) Multi-Spectral Targeting Systems (7 installed, 3 spares); eighteen (18) Embedded Global Positioning System/Inertial Navigation Systems with Selective Availability/Anti-Spoofing Module (SAASM) (14 installed, 4 spares); one-thousand (1,000) AN/SSQ-36/53/62 Sonobuoys; two (2) AGM-114 M36-E9 Captive Air Training Missiles (CATM); four (4) AGM-114Q Hellfire Training Missiles; one Hundred (100) Advanced Precision Kill Weapons System (APKWS) Rockets; thirty (30) MK 54 Torpedoes; twelve (12) M-2400 Crew Served Guns; and twelve (12) GAU-21 Crew Served Guns. Also included are eighteen (18) AN/ARC-210 APX-1990A(C) Radios with COMSEC (14 installed and 4 spares); twenty-four (24) AN/AVS-9 Night Vision Devices; ten (10) AN/APX-123 Identification Friend or Foe (IFF) transponders (8 installed, 2 spares); spare engine containers; facilities study, design, and construction; spare and repair parts; support and test equipment; communication equipment; ferry support; publications and technical documentation; personnel training and training equipment; U.S. Government and contractor engineering, technical and logistics support services; and other related elements of logistical and program support. The estimated total case value is \$600 million. The principal contractor will be Lockheed Martin Rotary and Mission Systems in Owego, New York. There are no known offset agreements in connection with this potential sale.
- The Taipei Economic and Cultural Representative Office in the United States (TECRO) has requested to buy two hundred fifty (250) Block I -92F MANPAD Stinger missiles and four (4) Block I -92F MANPAD Stinger Fly-to-Buy missiles. Also included is one (1) Captive Flight Trainer (CFT), twenty-three (23) Field Handling Trainers (FHTs), one hundred eight (108) Gripstock Control Groups, one hundred eight (108) Medium Thermal Weapon Sights (MTWS), seven (7) Tracking Head Trainers (THTs), two (2) Sierra Coolant Recharging Units (CRUs), one (1) Missile Go/No Go Test Set, one hundred eight (108) Identification Friend or Foe (IFF), TFF Development, one (1) Integrated Electronic Technical Manuals (IETMs), Government Furnished Equipment, spare and repair parts, telemeters, range and test support, contractor technical support, contractor training, contractor engineering services, contractor logistics services, consolidation, total package fielding, material fielding team, Field Service Representative (FSR), U.S. Government technical support, and other associated equipment and services and other related elements of logistics and program

support. The total estimated program cost is \$223.56 million. The principal contractors will be Raytheon Missile Systems. There are no known offset agreements proposed. However, the purchaser typically requests offsets. Any offset agreement will be defined in negotiations between the purchaser and the contractor.

- The Taipei Economic and Cultural Representative Office in the United States (TECRO) has requested to buy one hundred eight (108) M1A2T Abrams Tanks; one hundred twenty-two (122) M2 Chrysler Mount Machine Guns; two hundred sixteen (216) M240 Machine Guns; fourteen (14) M88A2 HERCULES Vehicles; sixteen (16) M1070A1 Heavy Equipment Transporters (HET); five hundred seventy-two (572) M1002 TPMP-T1 Rounds; three hundred fifty-nine (359) M831A1 HEAT Rounds; and six hundred twenty-one (621) M865 TPCSPS-T2 Rounds, and eight hundred twenty eight (828) M830A1 HEAT Rounds. Also included are sixteen (16) M1000 Heavy Equipment Transporter (HET) Semi-Trailers; sixty four (64) Export Single Channel Ground and Airborne Radio; System (SINCGARS); one hundred eight (108) AN/PSN-13A Defense Advanced; Global Positioning System (GPS) Receiver (DAGR) with Selective-Availability/Anti-Spoofing Module (SAASM); one hundred thirty eight (138); AN/VAS-5B Driver Vision Enhancer (DVE-A) Kits; one hundred eight (108); M250 Smoke Grenade Launchers; fourteen (14) M239 Smoke Grenade Launchers; seven thousand eight hundred sixty-two (7,862) KEW-A1 Rounds; one thousand nine hundred sixty six (1,966) CA38 - Cartridge, 120MM Canister Round; eight hundred sixty four (864) M76 (G826) or L8A1 /L8A3 (G815) Smoke Grenade Rounds; eight hundred twenty eight (828) Insensitive Munitions High Explosive Tracer (IMHE-T) rounds; twenty two (22) sets Dummy CTG, 120mm ArmorPiercing, Fin-Stabilized, Discarding Sabot (CA64); twenty two (22) Dummy Cartridge 120mm Canister M1028; twenty two (22) Dummy M865 TPCSPS-T (C785); FMS export armor; Hunter/Killer technology, Commander's Independent Thermal Viewer (CITV); Common Remotely Operated Weapon Station-Low Profile (CROWS-LP); spare parts; support equipment; AGT-1500 tank engines and X-1100 tank transmissions; depot level support; Government-Furnished Equipment (GFE); repair parts; communication support equipment; communication equipment integration; tools and test equipment; training; training simulators; repair and return program; U.S. Government and contractor engineering, technical, and logistics support services; Technical Assistance Field Team (TAFT); and other related elements of logistics and program support. Additionally, the following recommended basic load ammunition may be included upon request from customer: One hundred fifteen thousand four hundred (115,400) A576 Cartridge, .50 Caliber Linked 4 API/API-T F/M2; one thousand eighty (1,080 ) G815 - Grenade, Smoke Screening L8A1/A3; two million four hundred sixty two thousand four hundred (2,462,400) A131 - Cartridge 7.62MM 4 BALL 1 TRACER; one million two hundred thirty-one thousand two hundred (1,231,200) A111 - Cartridge, 7.62mm Blank M82 Linked; one thousand five hundred twelve (1,512) A541 - 50 Armor Piercing Incendiary, Tracer M20 F/M2; ninety one thousand eight hundred (91,800) A557 - Cartridge, .50 Caliber 4 Ball/1 Tracer Linked M33 F/M2; fifty four thousand (54,000) A598 - Cartridge, .50 Caliber Blank F/M2 (MILES); and four thousand nine hundred sixty eight (4,968) AA38 - Cartridge, .50 Caliber M962 (SLAP); and other related elements of logistics and program support. The total estimated program cost is \$2 billion. The M1A2T tank prime contractor will be General Dynamics Land Systems, Sterling Heights, Michigan. Production will be at Anniston Army Depot, Anniston, Alabama, and the Joint Systems Manufacturing Center, Lima, Ohio. The M88A2 recovery vehicle prime contractor will be BAE, York, Pennsylvania. The M1070A1 Heavy Equipment Transporter (HET) prime contractor will be Oshkosh, Oshkosh, Wisconsin. There are no known offset agreements proposed. However, the purchaser typically requests offsets. Any offset agreement will be defined in negotiations between the purchaser and the contractor.

## **11. DoD/DSCA Updates Security Assistance Management Manual and Policy Memos**

The U.S. Department of Defense's Defense Security Cooperation Agency (DSCA) has made the following updates to its Security Assistance Management Manual (SAMM) and Policy Memorandums:

- DSCA Policy Memo 19-12 Interim Clarification on Methods of Execution under 10 USC § 333 has been posted. This memo clarifies the policy that the case system is the default method for BPC execution and sets forth specific requirements for the provision of direct funding for BPC programs.
- DSCA Policy Memo 19-27 Mandatory Enhanced End-Use Monitoring (EEUM) for Advanced Threat Infrared Countermeasure System has been posted. The Deputy Assistant Secretary of the Army for Defense Exports and Cooperation, recommends ATIRCM systems be designated an EEUM defense article requiring accountability and physical security protections IAW the Golden Sentry program to support Foreign Military Sales to U.S. security partners.

This memo revised Table C8.T4. Defense Articles Designated for EEUM for all FMS-eligible Countries and adds LOA note Advanced Threat Infrared Countermeasures System (ATIRCM) and/or Key ATIRCM Components to Appendix 6: LOA Notes Listing

## **12. DoD/DCSA Posts Notice on DISS Provisioning**

The U.S. Department of Defense's Defense Counterintelligence and Security Agency (DCSA) (formerly Defense Security Service) has posted on its website a notice that beginning August 1, 2019, the Vetting Risk Operations Center will ONLY accept NDAs/SF-312s and CSRs (formally known as RRU in JPAS) through the Defense Information System for Security (DISS). It is imperative that you obtain a DISS account prior to August 1, 2019; to obtain an account please carefully read and follow the DISS JVS Provisioning Instructions located at: [ISS\\_JVS\\_Industry\\_Provisioning\\_Instructions](#).

## **13. Justice Dept. Charges Software Engineer with Taking Stolen Trade Secrets to China**

The U.S. Department of Justice (DOJ) has charged Xudong Yao, also known as "William Yao," 57, with nine counts of theft of trade secrets. Yao is currently at large and believed to be residing in China. According to the indictment, Yao began working for a suburban Chicago locomotive manufacturer in August 2014. Within two weeks of being hired, Yao downloaded more than 3,000 unique electronic files containing proprietary and trade secret information relating to the system that operates the manufacturer's locomotives, the indictment states. During the next six months, Yao downloaded numerous other electronic files containing proprietary and trade secret information, including technical documents and software source code, the indictment states. During the time of this illicit downloading of trade secrets, Yao allegedly simultaneously sought, negotiated, and accepted employment with a business in China that provided automotive telematics service systems. The suburban Chicago manufacturer terminated Yao in February 2015 for reasons unrelated to the alleged theft, which at that time had not been discovered. Shortly thereafter, according to the indictment, Yao made copies of the stolen trade secret information and then traveled to China in July

2015 and began working for the Chinese company. On Nov. 18, 2015, Yao traveled from China to O'Hare International Airport in Chicago, according to the indictment. At the time, he had in his possession the stolen trade secret information, including nine complete copies of the suburban Chicago company's control system source code and the systems specifications that explained how the code worked, the indictment states. Yao returned to China at some point thereafter. The indictment was returned in December 2017 and ordered unsealed July 10, 2019.

#### **14. USTR Announces Product Exclusions from Tariffs on PRC Goods**

(84 Fed. Reg. 32821) - The Office of the U.S. Trade Representative (USTR) has announced additional product exclusions from the increased U.S. tariffs on goods imported from the People's Republic of China as specified in the Annex to the Federal Register notice. The product exclusions announced in this notice apply as of the July 6, 2018 effective date of the \$34 billion action, and will extend for one year after the publication of this notice. U.S. Customs and Border Protection will issue instructions on entry guidance and implementation.

#### **15. USTR Announces Initiation of Section 301 Investigation into France's Digital Services Tax**

On July 10, 2019, the United States Trade Representative (USTR) initiated an investigation under Section 301 of the Trade Act of 1974 of the Digital Services Tax (DST) of the Government of France. The French DST bill would impose a 3% tax on total annual revenues generated by some companies from providing certain digital services to, or aimed at, French users. The tax applies only to companies with total annual revenues from the covered services of at least €750 million globally and €25 million in France. The services covered are ones where U.S. firms are global leaders. The structure of the proposed new tax as well as statements by officials suggest that France is unfairly targeting the tax at certain U.S.-based technology companies. Section 301 and related provisions of the Trade Act (codified as amended in 19 U.S.C. §§ 2411-2417) give the USTR broad authority to investigate and respond to a foreign country's unfair trade practices. USTR will issue a Federal Register Notice providing information on how members of the public may provide their views through written submissions and a public hearing. The United States will continue its efforts with other countries at the OECD to reach a multilateral agreement to address the challenges to the international tax system posed by an increasingly digitized global economy.

#### **16. USTR Pursues Competition-Related Concerns Under the U.S.-Korea Free Trade Agreement**

The Office of the U.S. Trade Representative (USTR) has led formal consultations with the Republic of Korea under the chapter on Competition-Related Matters (Chapter 16) of the United States-Republic of Korea Free Trade Agreement (KORUS). The United States is calling for actions by Korea to improve procedures in competition hearings held by the Korea Fair Trade Commission (KFTC). These shortcomings have denied U.S. parties certain rights, including the opportunity to review and rebut the evidence against them. At issue is Korea's non-compliance with KORUS Article 16.1.3, which states, in relevant part, that a party in an administrative hearing related to competition must "have a reasonable opportunity to... review and rebut the evidence and any other collected information on which the determination may be based." Following extensive efforts to resolve this concern, USTR

requested formal consultations in March of 2019. Michael Beeman, Assistant U.S. Trade Representative for Japan, Korea and APEC led the consultation and called for immediate action by Korea to come into compliance with KORUS. Currently pending amendments to Korea's "Monopoly Regulations and Fair Trade Act" fail to address U.S. concerns that KFTC hearings continue to deny U.S. firms due process rights under the KORUS agreement that are necessary to secure a fair competition hearing in Korea. [Click here](#) for further information in the March 15, 2019, USTR request calling for consultations under the KORUS Competition Chapter.

## **17. Commerce/ITA Seeks New Members for District Export Councils**

(84 Fed. Reg. 32414) - The U.S. Department of Commerce's International Trade Administration (ITA) is seeking nominations of individuals for consideration for appointment by the Secretary of Commerce to serve as members of one of the 61 District Export Councils (DECs) nationwide. DECs are closely affiliated with the U.S. Export Assistance Centers (USEACs) of the U.S. and Foreign Commercial Service (US&FCS), and play a key role in the planning and coordination of export activities in their communities. Nominations for individuals to a DEC must be received by the local USEAC Director by 5:00 PM local time on August 10, 2019.

## **18. Commerce Dept. Seeks Public Comments on State of Counterfeit and Pirated Goods Trafficking**

(84 Fed. Reg. 32861) - The U.S. Department of Commerce is seeking comments from intellectual property rights holders, online third-party marketplaces and other third-party intermediaries, and other private-sector stakeholders on the state of counterfeit and pirated goods trafficking through online third-party marketplaces and recommendations for curbing the trafficking in such counterfeit and pirated goods. All responses to this notice will be shared with interagency teams, and specifically the Department of Homeland Security (DHS), for use in preparing a report for the President as directed by the April 3, 2019 Presidential Memorandum on "Combating Trafficking in Counterfeit and Pirated Goods" (Presidential Memorandum). Commerce must receive comments by 5:00 PM EDT on Monday, July 29, 2019.

## **19. WTO News**

- WTO issues panel reports regarding US measures on Canadian, Mexican steel and aluminium
- WTO issues panel reports regarding Canadian, Mexican duties on US products
- Russia initiates WTO dispute against US dumping duties on steel
- WTO issues second compliance panel report regarding Thai measures on imported cigarettes
- Belarus reaffirms intent to complete WTO accession by next Ministerial Conference

- Follow-up Session begins for 14th Advanced Course on Sanitary and Phytosanitary Measures
- Costa Rica launches safeguard investigation on white sugar
- Trade Policy Review: North Macedonia

## **20. U.S. Government Contracting**

- DoD, GSA & NASA/Federal Acquisition Regulation (FAR): Proposed Rule - Requirements for DD Form 254, Contract Security Classification Specification - Deadline for Public Comment: Sept. 10, 2019
- DoD/Defense Federal Acquisition Regulation Supplement (DFARS): OMB Information Collection Submission - DFARS Part 246, Quality Assurance, and related clauses at 252.246 - Deadline for Public Comment: Sept. 13, 2019
- DoD/Air Force: Notice of Intent To Grant a Partially Exclusive Patent License to S9 Engineering Technology Corp.
- DoD/Army: Final Rule - Repeal of Obsolete Acquisition Regulation - Government Property
- DoD/Army: Final Rule - Repeal of Obsolete Acquisition Regulation - Required Sources of Supplies and Services
- DoD/Army: Final Rule - Repeal of Obsolete Acquisition Regulation -Small Business and Small Disadvantaged Business Concerns
- DoD/Army: Final Rule - Repeal of Obsolete Acquisition Regulation: Solicitation Provisions and Contract Clauses
- DoD/Army: Update to the October 24, 2016 Military Freight Traffic Unified Rules Publication (MFTURP) No. 1
- DoD/Navy: Notice of Intent to Grant License to Axis3
- GSA/General Services Administration Acquisition Regulation (GSAR): OMB Information Collection Submission - Modifications 552.238-81 - Deadline for Public Comment: Aug. 7, 2019

## **21. U.S. Customs and U.S. Census/AES Updates**

- U.S. Customs - Fiscal Year 2020 Tariff-Rate Quota Allocations for Raw Cane Sugar, Refined and Specialty Sugar, and Sugar-Containing Products



- U.S. Customs - Customs Bulletin and Decisions - Vol. 53, July 10, 2019, No. 23

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- Commerce/E&C - Acetone From Belgium, the Republic of Korea, and the Republic of South Africa: Postponement of Preliminary Determinations in the Less- Than-Fair-Value Investigations
- Commerce/E&C - Biodiesel From Argentina: Preliminary Results of Changed Circumstances Reviews of the Antidumping and Countervailing Duty Orders
- Commerce/E&C - Certain Cold-Rolled Steel Flat Products From the Republic of Korea: Affirmative Preliminary Determination of Anti-Circumvention Inquiries on the Antidumping Duty and Countervailing Duty Orders
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- Commerce/E&C - Certain Fabricated Structural Steel From Canada: Preliminary Negative Countervailing Duty Determination and Alignment of Final Determination With Final Antidumping Duty Determination
- Commerce/E&C - Certain Fabricated Structural Steel From Mexico: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination With Final Antidumping Duty Determination

- Commerce/E&C - Certain Fabricated Structural Steel From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination With Final Antidumping Duty Determination
- Commerce/E&C - Certain Polyester Staple Fiber From the Republic of Korea: Initiation and Preliminary Results of Antidumping Duty Changed Circumstances Review
- Commerce/E&C - Certain Quartz Surface Products From the People's Republic of China: Antidumping and Countervailing Duty Orders
- Commerce/E&C - Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances
- Commerce/E&C - Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Final Affirmative Countervailing Duty Determination, and Final Affirmative Determination of Critical Circumstances
- Commerce/E&C - Citric Acid and Certain Citrate Salts From Canada: Preliminary Results of Antidumping Duty Administrative Review; 2017-2018
- Commerce/E&C - Glycine From the People's Republic of China: Rescission of Antidumping Duty Administrative Review; 2018-2019
- Commerce/E&C - Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes From Mexico: Amended Final Results of Antidumping Duty Administrative Review; 2016-2017
- Commerce/E&C - Low Melt Polyester Staple Fiber From the Republic of Korea: Notice of Initiation and Preliminary Results of Antidumping Duty Changed Circumstances Review
- Commerce/E&C - Magnesium From Israel: Preliminary Affirmative Determination of Sales at Less Than Fair Value, Postponement of Final Determination, and Extension of Provisional Measures
- Commerce/E&C - Mattresses From the People's Republic of China: Amended Preliminary Determination of Sales at Less Than Fair Value
- Commerce/E&C - Non-Malleable Cast Iron Pipe Fittings From the People's Republic of China: Continuation of Antidumping Duty Order
- Commerce/E&C - Stainless Steel Butt-Weld Pipe Fittings From Italy: Rescission of Antidumping Duty Administrative Review; 2018-2019
- Commerce/E&C - Uncovered Innerspring Units From the People's Republic of China, South Africa, and Socialist Republic of Vietnam: Final Results of the Expedited Sunset

## Reviews of the Antidumping Duty Orders

- Commerce/E&C - Initiation of Antidumping and Countervailing Duty Administrative Reviews
- USITC - OMB Information Collection Submission - Miscellaneous Tariff Bill (MTB) Petition System - Deadline for Public Comment: Not stated
- USITC - Certain LED Lighting Devices, LED Power Supplies, and Components Thereof: Commission's Final Determination of No Violation of Section 337 by the Participating Respondents, and Final Determination of a Violation of Section 337 by a Defaulted Respondent; Issuance of a Limited Exclusion Order and a Cease and Desist Order; Termination of the Investigation
- USITC - Polyethylene Terephthalate (PET) Sheet From Korea, Mexico, and Oman: Institution of Anti-Dumping Duty Investigations and Scheduling of Preliminary Phase Investigations
- USITC - Utility Scale Wind Towers From Canada, Indonesia, Korea, and Vietnam: Institution of Anti-Dumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations
- USITC - Government in the Sunshine Act Meeting Notice - July 17, 2019, at 11:00 AM EDT
- USITC - Government in the Sunshine Act Meeting Notice - July 19, 2019, at 11:00 AM EDT

## **23. GAO and CRS Reports, Testimony, and Correspondence of Interest**

- DEFENSE ACQUISITIONS: DOD Needs to Improve How It Communicates the Status of Regulation Changes GAO-19-489: Published: Jul 11, 2019. Publicly Released: Jul 11, 2019.
- GAO WatchBlog: Troubling Trends in DOD's Weapon Programs
- BORDER INFRASTRUCTURE: Actions Needed to Improve Information on Facilities and Capital Planning at Land Border Crossings GAO-19-534: Published: Jul 11, 2019. Publicly Released: Jul 11, 2019.
- CRS - Coup-Related Restrictions in U.S. Foreign Aid Appropriations
- CRS - Iran Sanctions
- CRS - Military Retirement: Background and Recent Developments

- CRS - Zimbabwe: A Continuing Crisis
- CRS - Hypersonic Weapons: Background and Issues for Congress
- CRS - Iraq and U.S. Policy
- CRS - Moldova: An Overview
- CRS - U.S. Trade Debates: Select Disputes and Actions
- CRS - SBA Veterans Assistance Programs: An Analysis of Contemporary Issues
- CRS - The Current State of Federal Information Technology Acquisition Reform and Management
- CRS - Comparing DHS Component Funding, FY2019: In Brief
- CRS - Turkey: Background and U.S. Relations In Brief
- CRS - U.S.-EU Trade and Investment Ties: Magnitude and Scope
- CRS - U.S. Trade Debates: Select Disputes and Actions

## **24. U.S. Government Trade Forms and Other Information Collections Open for Public Comment**

(84 Fed. Reg. 33222) - Agency: U.S. Dept. of Commerce/Bureau of Economic Analysis(BEA) - Title: Quarterly Survey of U.S. Direct Investment Abroad--Transactions of U.S. Reporter With Foreign Affiliate - Agency Form No.: BE-577 - Type of Review: Regular Submission - Deadline for Public Comment: Sept. 10, 2019

(84 Fed. Reg. 32429) - Agency: U.S. Dept. of Defense/Office of the DoD Chief Information Officer - Title: DoD's Defense Industrial Base (DIB) Cybersecurity (CS) Activities Cyber Incident Reporting - Agency Form No.: None - Type of Review: Not stated - Deadline for Public Comment: Sept. 6, 2019

### **Other Headlines**

## **25. U.S. Firms May Get Nod to Restart Huawei Sales in Two-Four Weeks-Official**

Reuters.com, July 14 - The U.S. may approve licenses for companies to re-start new sales to Huawei in as little as two weeks, according to a senior U.S. official, in a sign President Donald Trump's recent effort to ease restrictions on the Chinese company could move forward quickly. Huawei, the world's largest telecommunications equipment maker, was added to a Commerce Department list in May that prohibits U.S. companies from supplying it with new American-made goods and services unless they obtain licenses that will likely be denied. But late last month, after meeting with Chinese president Xi Jinping, President

Donald Trump announced American firms could sell products to Huawei. And in recent days, Commerce Secretary Wilbur Ross said licenses would be issued where there is no threat to national security. Trump's reversal, and rapid implementation by the Commerce Department, suggests chip industry lobbying, coupled with Chinese political pressure, may well reignite U.S. technology sales to Huawei.

## **26. Manufacturers Move Supply Chains Out of China**

Wall Street Journal.com, July 14 - U.S. manufacturers are shifting production to countries outside of China as trade tensions between the world's two biggest economies stretch into a second year. Companies that make Crocs shoes, Yeti beer coolers, Roomba vacuums and GoPro GPRO cameras are producing goods in other countries to avoid U.S. tariffs of as much as 25% on some \$250 billion of imports from China. Apple Inc. also is considering shifting final assembly of some of its devices out of China to avoid U.S. tariffs. Furniture-maker Lovesac Co. is making about 60% of its furniture in China, down from 75% at the start of the year. "We have been shifting production to Vietnam very aggressively," said Shawn Nelson, chief executive of the Stamford, Conn., company. Mr. Nelson said he plans to have no production in China by the end of next year. The moves by U.S. companies add up to a reordering of global manufacturing supply chains as they prepare for an extended period of uneven trade relations. Executives at companies that are moving operations outside China said they expect to keep them that way because of the time and money invested in setting up new facilities and shifting shipping arrangements. Companies said the shifts accelerated after the tariff on many Chinese imports rose to 25% from 10% in May.

## **27. China Says Will Freeze Out U.S. Companies That Sell Arms to Taiwan**

Reuters.com, July 15 - China's government and Chinese companies will cut business ties with U.S. firms selling arms to Taiwan, China's Foreign Ministry said on Monday, declining to give details of the sanctions in a move likely to worsen already poor ties with Washington. China claims self-ruled and democratic Taiwan as its own and has never renounced the use of force to bring it under Beijing's control. China regularly calls Taiwan the most sensitive issue in its relations with the United States. Last week, the Pentagon said the U.S. State Department had approved the sale of the weapons requested by Taiwan, including 108 General Dynamics Corp (GD.N) M1A2T Abrams tanks and 250 Stinger missiles, which are manufactured by Raytheon (RTN.N). China said on Friday it would sanction U.S. companies selling weapons to Taiwan but did not elaborate. The latest deal involves \$2.2 billion worth of tanks, missiles and related equipment for Taiwan. Chinese Foreign Ministry spokesman Geng Shuang said the arms sales were a violation of international law and harmed China's sovereignty and national security.

## **28. Japan, South Korea Spar Over Trade Talks as U.S. Stays Away**

Bloomberg.com, July 13 - Japan and South Korea bickered over the details of rival briefings about export-control talks Saturday as the U.S. backed away from a potential role as a mediator in a fight over history and trade between its two Asian allies. Officials at Japan's Ministry of Economy, Trade and Industry held a press conference at which they denied an assertion from South Korea that it had called for the reversal of tighter export controls in a Friday meeting. Jun Iwamatsu, the director of the trade control policy division, said South Korean officials had gone beyond what the two sides had agreed to tell the media, adding

that the ministry had complained to the South Korean Embassy. The latest flare-up in long fraught ties follows a series of South Korean court decisions ordering the seizure of Japanese corporate assets as compensation for Koreans conscripted to work in factories and mines during the 1910-1945 colonial era. The issue escalated from a regional diplomatic spat to a global trade worry last week after Japan moved to curb the export of specialty materials vital to South Korea's technology sector.

## **29. India Likely to Miss NATO+ Grouping of US Arms Buyers**

HindustanTimes.com, July 12 - The US House of Representatives is scheduled to pass on Friday a defence budget legislation without a provision that would have put major defence purchases intended for India on the same fast-track mechanism that is now used for clearing arms deals for America's NATO allies and a handful of other countries. This will effectively end efforts to catapult India into that category in 2020, as the US Senate's defence bill for the coming fiscal, passed late June, also did not contain that clause. Multiple people involved in the framing and movement of the legislative provision through US Congress attributed the collapse of these efforts, in background interviews, to opposition from the state department and some to the Congress for India's planned purchase of Russian S-400 missile defence systems. "It's disappointing," said one of them, "but we will not give up and try again in 2020 (for the 2021 budget)."

## **30. How Do Americans Feel About US Arms Sales? Not Great.**

DefenseNews.com, July 12 - Congress is still divided on the decision to continue selling weapons to Saudi Arabia, and it turns out the American public feels a similar way. According to a new public opinion poll, 70 percent of Americans oppose arms sales to other nations and see the transactions as a threat to national security. However, when it comes to the U.S.-Saudi relationship, the Chicago Council on Global Affairs found that 50 percent of Americans feel the alliance weakens U.S. national security, while 45 percent say it does more to strengthen national security. "Saudi Arabia has long been viewed as a valuable security partner for US grand strategy in the Middle East. As such, it has received significant military aid and equipment from the United States," the think tank said in its findings. As for opposition to U.S. arms sales in general, the poll found that this view crosses traditional partisan lines: 75 percent of Democrats, 70 percent of Independents and 62 percent of Republicans expressed a lack of safety associated with arms sales. "Overall, 20 percent say arms sales make no difference to US safety, while just 9 percent say they make the US safer," the think tank reported.

## **31. Judge Sides With Pentagon and Amazon in Cloud Bidding Case**

APNews.com, July 12 - A federal judge has dismissed allegations that bidding for a \$10 billion cloud computing contract with the Pentagon was rigged to favor Amazon. Friday's ruling dismissing Oracle's claims clears the Defense Department to award the contract to one of two finalists: Amazon or Microsoft. It will be a boon for whichever company gets to run the 10-year computing project, which the U.S. military considers vital to maintaining its technological advantage over adversaries and accelerating its use of artificial intelligence in warfare. Oracle and IBM were eliminated during an earlier round, but Oracle persisted with a legal challenge claiming conflicts of interest. Court of Federal Claims Judge Eric Bruggink said Friday that Oracle can't demonstrate favoritism because it didn't meet the project's bidding requirements to begin with. Bruggink also sided with a Pentagon contracting officer's

earlier finding that there were no “organizational conflicts of interest” and no individual conflicts that harmed the bidding. Department of Defense spokeswoman Elissa Smith praised the judge’s order, saying it reaffirms the Pentagon’s position that the bidding process “has been conducted as a fair, full and open competition, which the contracting officer and her team executed in compliance with the law.” Smith said the military “has an urgent need” to get the cloud services in place. The Pentagon plans to pick a vendor as soon as Aug. 23.

### **32. Pentagon Races to Track U.S. Rare Earths Output Amid China Trade Dispute**

Reuters.com, July 12 - The Pentagon is rapidly assessing the United States’ rare earths capability in a race to secure stable supply of the specialized material amid the country’s trade conflict with China, which controls the rare earths industry, according to a government document seen by Reuters. The push comes weeks after China threatened to curb exports to the United States of rare earths, a group of 17 minerals used to build fighter jets, tanks and a range of consumer electronics. The Pentagon wants miners to describe plans to develop U.S. rare earths mines and processing facilities, and asked manufacturers to detail their needs for the minerals, according to the document, which is dated June 27. Responses are required by July 31, a short time frame that underscores the Pentagon’s urgency. The U.S. government’s fiscal year ends in September. The U.S. Air Force, which is part of the Pentagon and created the document, confirmed the document’s existence. The Pentagon’s headquarters did not respond to a request for comment. The responses will be reviewed by two government contractors, including Northrop Grumman Corp, which did not respond to requests for comment.

### **33. Defense Department Accelerates Hypersonic Weapons Development**

NationalDefenseMagazine.org, July 11 - A renewed sense of urgency spurred by rivals Russia and China has pushed the U.S. military to speed up the development of hypersonic technology. The Army, Navy and Air Force are all closely involved in the campaign with more test flights coming in 2020. The systems are characterized by their maneuverability and ability to reach speeds of Mach 5 and greater. Michael Griffin, undersecretary of defense for research and engineering, has been an outspoken advocate for hypersonic weapon research and development. “Hypersonic capabilities remain a major department-wide modernization focus, and DoD is accelerating hypersonic systems development and demonstration,” he said in March during testimony before the House Armed Services Committee’s subcommittee on intelligence and emerging threats and capabilities. The Defense Department requested \$2.6 billion toward hypersonics in President Donald Trump’s fiscal year 2020 budget request and is nearly doubling its long-term investments from \$6 billion to \$11.2 billion over the next five years, Griffin noted.

### **34. China, Russia Hypersonic Programs - Real Progress or Bluster?**

NationalDefenseMagazine.org, July 12 - China and Russia’s intention to pursue hypersonic weapons lit a fire under the U.S. military, forcing it to re-invigorate its own programs. But just how far the two rivals have come in their own programs and whether or not they can penetrate the United States’ missile defenses is a matter of debate. Are they behind? Have they caught up? Or are they ahead of the United States when it comes to this disruptive

technology? The answers are opaque, experts said. When the United States began to shift its attention to counterterrorism missions after the Cold War, Russia and China used it as an opportunity to bolster their air and missile portfolios, said Tom Karako, director of the missile defense project at the Center for Strategic and International Studies. "The Cold War ended, and we kind of patted ourselves on the back. And we said, 'Aha, we've got air superiority,'" he said at the Hudson Institute. But Russia and China had begun to adapt, and they've begun to adapt especially with a spectrum of air and missile threats, he added.

### **35. Space Startups See Big Payouts in New Push to the Moon**

Wall Street Journal.com, July 14 - This is a heady time for space entrepreneurs. That's because while the race to build rockets for a return to the moon has been the province of industrial and technology giants, there's plenty of room for startups to get involved in other aspects of this massive undertaking. Indeed, startups are carving out crucial roles in the National Aeronautics and Space Administration's renewed quest to land on—and eventually colonize—the moon, taking on projects from delivering equipment to the surface, to hunting down lunar ice that can be transformed into breathable air and rocket fuel, to 3-D printing huts on the moon. The Trump administration has laid out an ambitious timeline for NASA's so-called Artemis program: land astronauts on the moon by 2024 and establish a "sustained human presence" there by 2028. For space entrepreneurs long obsessed with colonizing the moon, the renewed lunar focus is a godsend. In May, NASA unveiled a request for a \$1.6 billion 2020 budget increase to accelerate human exploration of the moon and to expand commercial partnerships. Still, venture capital may not be as forthcoming, and for many of these startups, the ability to make moon colonization a sustainable business remains a question mark.

### **36. GAO Looks at Where Pentagon Contract Awards End Up**

DefenseNews.com, July 12 - The U.S. government awarded more money in contracts to foreign-owned firms located abroad than U.S.-based subsidiaries of foreign-owned firms, according to a government watchdog. A May 2019 report by the Government Accountability Office analyzed U.S. government contracts during fiscal 2015. In total, the U.S. government awarded \$290.9 billion in contracts; of this, \$12 billion went to firms located outside of the United States, the GAO found. The Department of Defense awarded 80 percent of those contracts awarded to firms out of the country, according to the report. Many of those contracts went toward U.S. military efforts in the individual country. In fiscal 2015, nearly 11,000 defense contracts were awarded for a total of \$9.8 billion. This accounts for 26 percent of all U.S. government contracts to foreign firms. "About a quarter of DOD's \$9.8 billion in aggregate award value were for purchases of fuel, oil, lubricant, and wax. About 9 percent were for education and training services, and about 7 to 8 percent each were for construction of buildings and housekeeping services," the GAO said.

### **37. Opinion: Defense Community Must Help Lower-Tier Suppliers**

NationalsDefenseMagazine.org, July 10 - The American public has witnessed the rollout and christening of the most advance, sophisticated and complex defense systems in the world on a regular basis. The accolades to Boeing, Lockheed Martin, Huntington Ingalls and Electric Boat, to name a few, are certainly well deserved. Without their vision, design and leadership, these marvelous systems would never be fielded. The rollout and commissioning ceremonies are witness to the Who's Who in the defense community and government. When



queried, key executives in these tier 1 companies are the first to acknowledge that none of this would be possible without an immense subcontractor and supplier base, in many cases over 1,000 companies. We do not see them at rollout ceremonies or receiving praise from politicians even though none of this work would be possible without them. Employees in these lower-tiered companies have no idea where their part will end up, for security reasons or for the fact that they are layers below the major defense companies. Yet, the number of suppliers is fewer and fewer with each passing day. This staggering reduction is a major concern to the government and the defense community.

### **38. Opinion: Space Force: What Is It Good For?**

BreakingDefense.com, July 15 - Congress and the Pentagon need to answer this question: what problem is the Space Force trying to solve? While it might seem a straightforward question, it isn't. Not only are there direct questions about how does an independent service for space resolve problems directly challenging US national security space operations and management, experts say. There is an elemental debate inside the military, the Intelligence Community and Congress about the future of warfare and space power's role in it. Unfortunately, the current discussion about the Space Force tend to be more narrowly defined. "When people talk about the current debate they tend to think about this in terms of who's in charge, who's in control — the classic rice bowl debate," says Jamie Morin, vice president of Defense Systems Operations at the Aerospace Corporation. "The focus has been on the 'who's in charge question' and how the different (congressional) committees have different perspectives on that, and the department's proposal's in a different place. But the broader question is still what problem are we solving? And some of the differences in perspective are because different people have different ideas about the problems that we're solving."

### **Upcoming Export Control and Other Trade Compliance Conferences**

**July 19 - Massachusetts Small Business Development Center Network - Managing Export Operations and Compliance - Webinar - 11:30 AM to 1:30 PM EDT - \$50**

**July 23-24 - U.S. Dept. of Homeland Security/U.S. Customs and Border Protection - 2019 Trade Symposium - Chicago - Marriott Marquis Hotel**

**July 23-25 - American Conference Institute - Anti-Corruption Compliance for High Risk Markets - Washington, DC - Kimpton Hotel Palomar**

**July 24-25 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & Missouri District Export Council - Complying with U.S. Export Controls - St. Louis - Eric P. Newman Education Center, 320 South Euclid Avenue**

**July 29-30 - National Customs Brokers & Forgers Association of America, Inc. - GTEC - Global Trade Educational Conference 2019 - Norlin - Hotel Monteleone**

**Aug. 20-21 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & The Southern Ohio District Export Council - Complying with U.S. Export Controls - Cincinnati, OH - Hilton Cincinnati Netherland Plaza Hotel**

**Aug. 20-21 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & Professional Association of Exporters and Importers - Complying with U.S. Export Controls - Milpitas, CA - Crowne Plaza San Jose-Silicon Valley**

**Aug. 22 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & Professional Association of Exporters and Importers - Encryption Controls - Milpitas, CA - Crowne Plaza San Jose-Silicon Valley**

**Sept. 17 - U.S. Dept. of Commerce/U.S.Census Bureau - Automated Commercial Environment (ACE) Exports Compliance Seminar - Chicago**

**Sept. 18-19 - U.S. Dept. Commerce/Bureau of Industry and Security(BIS) & The District Export Council of Southern California - Complying with U.S. Export Controls - Los Angeles - Sheraton Gateway Los Angeles Hotel**

**Sept. 24-25 - 12th Conference on the Foreign Corrupt Practices Act - San Francisco**

**Sept. 25 - American Conference Institute - National Forum on FARA - Washington DC**

**Sept. 25-26 - American Conference Institute - West Coast Conference on FCPA Enforcement and Compliance - San Francisco - Marines' Memorial Club & Hotel**

**Sept. 25-26 - SMi Group - Defence Exports 2019 - Amsterdam - Ramada Apollo Amsterdam Centre Hotel - *Gary Stanley, Editor of Defense and Export-Import Update, will once again chair this important conference.***

**Oct. 2-3 - Canadian Institute - Canadian Forum on Global Economic Sanctions Compliance & Enforcement - Toronto - Sheraton Centre Toronto Hotel**

**Oct. 15 - American Conference Institute - 5th Asia Pacific Summit on Economic Sanctions Compliance and Enforcement - Singapore**

**Oct. 16-17 - American Conference Institute - 8th Asia-Pacific on Anti-Corruption Singapore - Singapore**

**Oct. 22-23 - C5 Group - Anti-Corruption France - Paris**

**Oct. 28-29 - Society for International Affairs - 2019 Fall Advanced Conference - Washington, DC - Marriott Wardman Park Hotel**

**Nov. 12-13 - Nielsonsmith - Customs Compliance in Europe 2019 - Düsseldorf, Germany**

**Nov. 20-21 - Nielsonsmith - The European Anti-Corruption Summit - Munich, Germany**

**Dec. 4-5 - American Conference Institute - 36th International Conference on the Foreign Corrupt Practices Act - Washington, DC**

**Dec. 10-11 - American Conference Institute - 10th Annual New York Forum on Economic Sanctions - New York City**

**Jan. 23-24 - American Conference Institute - AML & OFAC Compliance for the Insurance Industry - New York City**

**Jan. 30-31 - American Conference Institute - 14th Forum on the Foreign Corrupt Practices Act - Houston**

**Feb. 5-6 - Nielsonsmith - Export Compliance in Europe - Munich, Germany**

**Feb. 11-12 - Nielsonsmith - European, EU and EU Member State Trade Controls Compliance for North American Companies Summit - Washington, DC**

**Feb. 24-26 - Society for International Affairs - 2020 Winter Back to Basics Conference - Las Vegas - Westin Las Vegas Hotel**

We hope this update proves helpful. If you have questions about any of these developments, please do not hesitate to call us. If you received this free newsletter from a colleague or friend and would like to subscribe directly, please just e-mail your name, title, company, and e-mail address to [gstanley@glstrade.com](mailto:gstanley@glstrade.com).

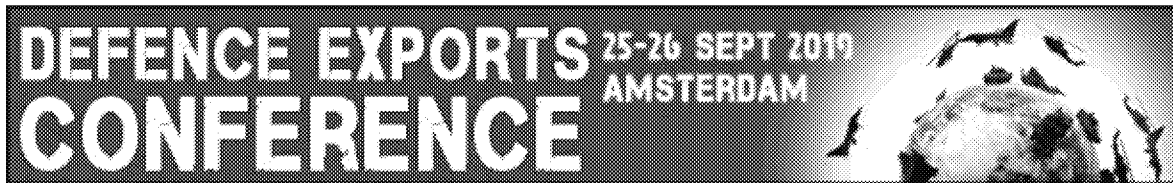
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**From:** Gary Stanley [REDACTED]@glstrade.com]  
**Sent:** 7/16/2019 2:46:51 AM  
**To:** Matthew Borman [Matthew.Borman@bis.doc.gov]  
**Subject:** Defense and Export-Import Update (July 15, 2019)



**Dear All,**  
**Good Day!**

**Gary Stanley's ECR Tip of the Day: To support a license application for an item subject to missile technology export controls or when the item to be exported will be used in a missile project or program, the information provided with your application should include technical specifications or brochures on the items you wish to export. Information that substantiates the legitimate activities of the end-user should be supplied as well. You should also include import or end-user certificates if the item is also subject to national security controls. For items to be used in a missile project or program, at a minimum, always specify the maximum capable range and payload of the delivery system or launch vehicle. Any information regarding the specific project or program should be provided; note if there is any U.S Government funding or oversight involved. You can also include open source information from Web sites, marketing brochures, etc. All of this information will assist licensing officers in their evaluation, determination, and licensing recommendations for the case. Including this information could prevent potential delays in the processing of the case and avoid a return of the application without action. The documentation requirements for export license applications are explained in detail in Part 748 of the EAR.**

**Today's Items:**

- 1. DDTC Changes DTCC Registration Name**
- 2. DDTC Posts Four New Name/Address Changes Notices**
- 3. BIS Posts Presentations from BIS 2019 Update Conference**
- 4. BIS Reaches Settlement Agreement with Two Iranian-American Individuals and an Iranian Co.**
- 5. Two Mitsubishi Units Settle Antiboycott Charges**
- 6. OFAC Sanctions Venezuela's Military Counterintelligence Agency Following the Death of a Venezuelan Navy Captain**
- 7. OFAC Targets Iranian-Backed Hizballah Officials for Exploiting Lebanon's Political and Financial System**
- 8. OFAC Targets Cuban Support for the Illegitimate Venezuelan Regime**
- 9. President Trump Issues Executive Order on Maximizing Use of American-Made Goods and Materials**
- 10. DoD/DSCA Notifies Congress of Possible FMS to Germany, Greece, and Taipei**
- 11. DoD/DSCA Updates Security Assistance Management Manual and Policy Memos**

- 12. DoD/DCSA Posts Notice on DISS Provisioning**
- 13. Justice Dept. Charges Software Engineer with Taking Stolen Trade Secrets to China**
- 14. USTR Announces Product Exclusions from Tariffs on PRC Goods**
- 15. USTR Announces Initiation of Section 301 Investigation into France's Digital Services Tax**
- 16. USTR Pursues Competition-Related Concerns Under the U.S.-Korea Free Trade Agreement**
- 17. Commerce/ITA Seeks New Members for District Export Councils**
- 18. Commerce Dept. Seeks Public Comments on State of Counterfeit and Pirated Goods Trafficking**
- 19. WTO News**
- 20. U.S. Government Contracting**
- 21. U.S. Customs and U.S. Census/AES Updates**
- 22. Commerce/Enforcement and Compliance and U.S. International Trade Commission Actions and Votes**
- 23. GAO and CRS Reports, Testimony, and Correspondence of Interest**
- 24. U.S. Government Trade Forms and Other Information Collections Open for Public Comment**

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#### **Upcoming Export Control and Other Trade Compliance Conferences**

- 1. DDTC Changes DTCC Registration Name**

The U.S. Department of State's Directorate of Defense Trade Controls (DDTC) has posted on its website a notice that Effective July 15, 2019, the Registration division's name within the Office of Defense Trade Controls Compliance (DTCC) will change to the Registration Compliance & Analysis (RCA) division. There is no change to the Registration organization structure. All registration letters issued on and after July 15, 2019 ,will reflect the RCA division. All active registration letters issued before July 15, 2019, will remain valid and no changes are required. Updates to the DDTC Website will also occur on July 15, 2019, to be consistent with this DTCC/Registration name change.

## **2. DDTC Posts Four New Name/Address Change Announcements**

The U.S. Department of State's Directorate of Defense Trade Controls (DDTC) has posted on its website the following four new name/address change announcements:

- Singapore Technologies to ST Engineering Name Changes
- BAE Systems Global Combat Systems Ltd to Rheinmetall BAE Systems Land Limited Name Change
- Harris Systems Limited Address Change
- Spezialtechnik Dresden GmbH Name and Address Change

## **3. BIS Posts Presentations from BIS 2019 Update Conference**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has posted on its website the following presentations from its BIS 2019 Update Conference held July 9-11, 2019, in Washington, DC:

<ul style="list-style-type: none"><li>• 600 Series</li><li>• Air and Space -- BIS</li><li>• Air and Space -- NASA</li><li>• Air and Space -- NOAA</li><li>• Census -- ACE Export Reports</li><li>• Census -- Global Market Finder</li><li>• CFIUS -- BIS</li><li>• CFIUS -- ITA</li><li>• Compliance -- BIS</li></ul>	<ul style="list-style-type: none"><li>• Compliance -- DDTC Compliance Program</li><li>• Compliance -- OFAC</li><li>• Deemed Exports</li><li>• Encryption</li><li>• Freight Forwarders and Routed Transactions</li><li>• Proscribed Parties and Catch-All Controls</li><li>• Regulatory Update</li><li>• Sanctions</li><li>• Section 232</li></ul>
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#### **4. BIS Reaches Settlement Agreement with Two Iranian-American Individuals and an Iranian Co.**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that Pouran Aazad, a.k.a. Pouran Azad, a.k.a. Pourandokt Aazad, a.k.a. Pourandokt Azad ("Aazad"), Sadr Emad-Vaez, a.k.a. Seid Sadredin Emad Vaez ("Emad-Vaez"), both of Palo Alto, Hills, California, and Ghareh Sabz Co., a.k.a. Ohare Sabz Co., a.k.a. GHS Technology ("Ghareh Sabz Co.") of Tehran, Iran, have jointly and severally agreed to pay a civil penalty of \$300,000 and to have their export privileges denied for ten years to settle charges that they committed one violation of EAR § 764.2 (Conspiracy to to export an item from the United States to Iran without the required U.S. Government authorization). Beginning as early as in or around November 2012, continuing at least until on or about April 26, 2013, Aazad, Emad-Vaez, and Ghareh Sabz Co. conspired and acted in concert with others, known and unknown, to evade the longstanding and well-known U.S. embargo against Iran by purchasing a U.S.origin micro-drill press for export to Iran and causing the export of this item to Iran, via transshipment through the United Arab Emirates ("UAE"), without the required U.S. Government authorization. [Click here for the Settlement Agreement and related documentation.](#)

#### **5. Two Mitsubishi Units Settle Antiboycott Charges**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced the settlement of the following antiboycott cases:

- Mitsubishi International Corporation (MIC) has agreed to pay a civil penalty of \$5,000 to settle charges that it committed one violation of EAR § 760.2(d) (Furnishing information about business relationships with boycotted countries or blacklisted persons) and two violations of EAR § 760.5 (Failing to report the receipt of a request to engage in a restrictive trade practice or foreign boycott against a country friendly to the United States). These violations took place during the period June 2013 through January 2014, MIC engaged in transactions involving the sale and/or transfer of goods and services (including information) from the United States to Bahrain and Oman, activities in the interstate or foreign commerce of the United States, as defined in EAR § 760.1(d). [Click here for the Settlement Agreement and related documentation.](#)

- Mitsubishi International PolymerTrade Corporation (MIP) has agreed to pay a civil penalty of \$15,000 to settle charges that it committed to violations of EAR § 760.2(d) (Furnishing information about business relationships with boycotted countries or blacklisted persons) and nine violations of EAR § 760.5 (Failing to report the receipt of a request to engage in a restrictive trade practice or foreign boycott against a country friendly to the United States). These violations took place during the period April 2014 through March 2015 when MIP engaged in transactions involving the sale and/or transfer of goods or services (including information) from the United States to Oman and the United Arab Emirates, activities in the interstate or foreign commerce of the United States, as defined in EAR § 760.1(d). [Click here for the Settlement Agreement and related documentation.](#)

#### **6. OFAC Sanctions Venezuela's Military Counterintelligence Agency Following the Death of a Venezuelan Navy Captain**

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has designated the Government of Venezuela's General Directorate of Military Counterintelligence, or La Dirección General de Contrainteligencia Militar, most commonly known as the DGCIM. This action, taken pursuant to Executive Order (E.O.) 13850, as amended, targets the DGCIM for operating in Venezuela's defense and security sector. On June 21, 2019, the DGCIM detained Navy Captain Rafael Acosta Arévalo, claiming he was involved in a plot to assassinate Maduro. When Acosta was next seen publicly at his hearing seven days later, he showed signs of physical abuse, including being in a wheelchair, and he was unable to speak. On June 29, Captain Acosta died. On July 5, 2019, the UN Office of the High Commissioner for Human Rights released a report that detailed methods used by the DGCIM to extract information and confessions, intimidate, and punish detainees. Earlier reports by the Organization of American States and Human Rights Watch, among other organizations, have also detailed the DGCIM's brutality and use of torture. As a result of this action, all property and interests in property of this entity, and of any entities that are owned, directly or indirectly, 50 percent or more by this entity, that are in the United States or in the possession or control of U.S. persons are blocked and must be reported to OFAC. OFAC's regulations generally prohibit all dealings by U.S. persons or within (or transiting) the United States that involve any property or interests in property of blocked or designated persons.

## **7. OFAC Targets Iranian-Backed Hizballah Officials for Exploiting Lebanon's Political and Financial System**

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has designated key Hizballah political and security figures leveraging their privileged positions to facilitate Hizballah's malign agenda and do Iran's bidding. Specifically, OFAC designated Hizballah Members of Parliament Amin Sherri and Muhammad Hasan Ra'd, and Hizballah security official Wafiq Safa, for acting for or on behalf of Hizballah. These individuals were designated under Executive Order (E.O.) 13224, which targets terrorists and those providing support to terrorists or acts of terrorism. As a result of these actions, all property and interests in property of these targets that are in the United States or in the possession or control of U.S. persons must be blocked and reported to OFAC. OFAC's regulations generally prohibit all dealings by U.S. persons or within the United States (including transactions transiting the United States) that involve any property or interests in property of blocked or designated persons. In addition, persons that engage in certain transactions with the individuals and entities designated today may themselves be exposed to sanctions or subject to an enforcement action. Furthermore, the three designated individuals are subject to secondary sanctions pursuant to the Hizballah Financial Sanctions Regulations, which implements the Hizballah International Financing Prevention Act of 2015, as amended by the Hizballah International Financing Prevention Amendments Act of 2018. Pursuant to this authority, OFAC can prohibit or impose strict conditions on the opening or maintaining in the United States of a correspondent account or a payable-through account by a foreign financial institution that knowingly facilitates a significant transaction for Hizballah, or a person acting on behalf of or at the direction of, or owned or controlled by, Hizballah. [Click here for further identifying information on the designated individuals.](#)

## **8. OFAC Targets Cuban Support for the Illegitimate Venezuelan Regime**



The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has designated Cubametales, the Cuban state-run oil import and export company, for its continued importation of oil from Venezuela. Cuba, in exchange for this oil, continues to provide support, including defense, intelligence, and security assistance, to the illegitimate regime of former President Nicolas Maduro. This action, taken pursuant to Executive Order (E.O.) 13850, as amended, targets the company for operating in the oil sector of the Venezuelan economy. As a result of this action, all property and interests in property of this entity, and of any entities that are owned, directly or indirectly, 50 percent or more by the designated entity, that are in the United States or in the possession or control of U.S. persons are blocked and must be reported to OFAC. OFAC's regulations generally prohibit all dealings by U.S. persons or within (or transiting) the United States that involve any property or interests in property of blocked or designated persons. In addition to the designation of Cubametales, OFAC is delisting PB Tankers S.p.A. (PB Tankers). OFAC designated PB Tankers on April 12, 2019, for operating in the oil sector of the Venezuelan economy. As a part of this designation, six vessels were identified as blocked property in the interest of PB Tankers; one vessel, named the Silver Point, was used to deliver oil products from Venezuela to Cuba. Following the company's designation, PB Tankers terminated its charter agreement with Cubametales, which had chartered the Silver Point to transport oil between Venezuela and Cuba. Likewise, PB Tankers took additional steps to increase scrutiny of its business operations to prevent future sanctionable activity. [Click here for further identifying information.](#)

## **9. President Trump Issues Executive Order on Maximizing Use of American-Made Goods and Materials**

President Donald J. Trump has issued an Executive Order aimed at maximizing the use of the American-made goods and materials. Among other things, the EO requires that within 180 days, the FAR Council shall consider proposing for notice and Public comment:

- An amendment to the applicable provisions in the FAR that would provide that materials shall be considered to be of foreign origin if: (A) for iron and steel end products, the cost of foreign iron and steel used in such iron and steel end products constitutes 5 percent or more of the cost of all the products used in such iron and steel end products; or (B) for all other end products, the cost of the foreign products used in such end products constitutes 45 percent or more of the cost of all the products used in such end products; and
- An amendment to the applicable provisions in the FAR that would provide that the executive agency concerned shall in each instance conduct the reasonableness and public interest determination referred to in 41 U.S.C. §§8302 and 8303, on the basis of the following-described differential formula, subject to the terms thereof: the sum determined by computing 20 percent (for other than small businesses), or 30 percent (for small businesses), of the offer or offered price of materials of foreign origin.

## **10. DoD/DSCA Notifies Congress of Possible FMS to Germany, Greece, and Taipei**

The U.S. Department of Defense's Defense Security Cooperation Agency (DSCA) has notified the Congress of the following possible Foreign Military Sales:

- The Government of Germany has requested to buy fifty (50) Patriot Advanced Capability 3 (PAC-3) Missiles Segment Enhanced (MSE). Also included are PAC-3 MSE launcher conversion kits; Missile Round Trainers (MRTs); Empty Round Trainers (ERTs); Launcher Stations (LS) heater controllers; PAC-3 ground support equipment; concurrent spare parts; documentation and publications; PAC-3 MSE shorting plugs; Quality Assurance Team; missile canister consumables; missile skid kits; PAC-3 MSE repair and return; missile Field Surveillance Program (FSP) for PAC-3 MSE; U.S. Government transportation; MSE launcher spare parts; PAC-3/MSE GMT kits; MSE DC motor kits; targets; Telemetry; U.S. Government range support; MSE flight test support; U.S. Government and contractor engineering; technical and logistics support services; and other related elements of logistical and program support. The total estimated value is \$401 million. The prime contractor will be Lockheed Martin, Dallas, TX. There are no known offset agreements proposed in connection with this potential sale.
- The Government of Greece has requested to buy up to seven (7) MH-60R Multi-Mission Helicopters equipped with ten (10) APS-I 53(V) Multi-Mode Radars (7 installed, 3 spares); eighteen (18) T700 GE-401 C Engines (14 installed, 4 spares); seven (7) Airborne Low Frequency System (ALFS) (7 installed); ten (10) AN/ AAS-44C(V) Multi-Spectral Targeting Systems (7 installed, 3 spares); eighteen (18) Embedded Global Positioning System/Inertial Navigation Systems with Selective Availability/Anti-Spoofing Module (SAASM) (14 installed, 4 spares); one-thousand (1,000) AN/SSQ-36/53/62 Sonobuoys; two (2) AGM-114 M36-E9 Captive Air Training Missiles (CATM); four (4) AGM-114Q Hellfire Training Missiles; one Hundred (100) Advanced Precision Kill Weapons System (APKWS) Rockets; thirty (30) MK 54 Torpedoes; twelve (12) M-2400 Crew Served Guns; and twelve (12) GAU-21 Crew Served Guns. Also included are eighteen (18) AN/ARC-210 APX-1990A(C) Radios with COMSEC (14 installed and 4 spares); twenty-four (24) AN/AVS-9 Night Vision Devices; ten (10) AN/APX-123 Identification Friend or Foe (IFF) transponders (8 installed, 2 spares); spare engine containers; facilities study, design, and construction; spare and repair parts; support and test equipment; communication equipment; ferry support; publications and technical documentation; personnel training and training equipment; U.S. Government and contractor engineering, technical and logistics support services; and other related elements of logistical and program support. The estimated total case value is \$600 million. The principal contractor will be Lockheed Martin Rotary and Mission Systems in Owego, New York. There are no known offset agreements in connection with this potential sale.
- The Taipei Economic and Cultural Representative Office in the United States (TECRO) has requested to buy two hundred fifty (250) Block I -92F MANPAD Stinger missiles and four (4) Block I -92F MANPAD Stinger Fly-to-Buy missiles. Also included is one (1) Captive Flight Trainer (CFT), twenty-three (23) Field Handling Trainers (FHTs), one hundred eight (108) Gripstock Control Groups, one hundred eight (108) Medium Thermal Weapon Sights (MTWS), seven (7) Tracking Head Trainers (THTs), two (2) Sierra Coolant Recharging Units (CRUs), one (1) Missile Go/No Go Test Set, one hundred eight (108) Identification Friend or Foe (IFF), TFF Development, one (1) Integrated Electronic Technical Manuals (IETMs), Government Furnished Equipment, spare and repair parts, telemeters, range and test support, contractor technical support, contractor training, contractor engineering services, contractor logistics services, consolidation, total package fielding, material fielding team, Field Service Representative (FSR), U.S. Government technical support, and other associated equipment and services and other related elements of logistics and program support. The total estimated program cost is \$223.56 million. The principal contractors will be Raytheon Missile Systems. There are no known offset agreements proposed. However,

the purchaser typically requests offsets. Any offset agreement will be defined in negotiations between the purchaser and the contractor.

- The Taipei Economic and Cultural Representative Office in the United States (TECRO) has requested to buy one hundred eight (108) M1A2T Abrams Tanks; one hundred twenty-two (122) M2 Chrysler Mount Machine Guns; two hundred sixteen (216) M240 Machine Guns; fourteen (14) M88A2 HERCULES Vehicles; sixteen (16) M1070A1 Heavy Equipment Transporters (HET); five hundred seventy-two (572) M1002 TPMP-T1 Rounds; three hundred fifty-nine (359) M831A1 HEAT Rounds; and six hundred twenty-one (621) M865 TPCSPS-T2 Rounds, and eight hundred twenty eight (828) M830A1 HEAT Rounds. Also included are sixteen (16) M1000 Heavy Equipment Transporter (HET) Semi-Trailers; sixty four (64) Export Single Channel Ground and Airborne Radio; System (SINCGARS); one hundred eight (108) AN/PSN-13A Defense Advanced; Global Positioning System (GPS) Receiver (DAGR) with Selective-Availability/Anti-Spoofing Module (SAASM); one hundred thirty eight (138); AN/VAS-5B Driver Vision Enhancer (DVE-A) Kits; one hundred eight (108); M250 Smoke Grenade Launchers; fourteen (14) M239 Smoke Grenade Launchers; seven thousand eight hundred sixty-two (7,862) KEW-A1 Rounds; one thousand nine hundred sixty six (1,966) CA38 - Cartridge, 120MM Canister Round; eight hundred sixty four (864) M76 (G826) or L8A1 /L8A3 (G815) Smoke Grenade Rounds; eight hundred twenty eight (828) Insensitive Munitions High Explosive Tracer (IMHE-T) rounds; twenty two (22) sets Dummy CTG, 120mm ArmorPiercing, Fin-Stabilized, Discarding Sabot (CA64); twenty two (22) Dummy Cartridge 120mm Canister M1028; twenty two (22) Dummy M865 TPCSPS-T (C785); FMS export armor; Hunter/Killer technology, Commander's Independent Thermal Viewer (CITV); Common Remotely Operated Weapon Station-Low Profile (CROWS-LP); spare parts; support equipment; AGT-1500 tank engines and X-1100 tank transmissions; depot level support; Government-Furnished Equipment (GFE); repair parts; communication support equipment; communication equipment integration; tools and test equipment; training; training simulators; repair and return program; U.S. Government and contractor engineering, technical, and logistics support services; Technical Assistance Field Team (TAFT); and other related elements of logistics and program support. Additionally, the following recommended basic load ammunition may be included upon request from customer: One hundred fifteen thousand four hundred (115,400) A576 Cartridge, .50 Caliber Linked 4 API/API-T F/M2; one thousand eighty (1,080 ) G815 - Grenade, Smoke Screening L8A1/A3; two million four hundred sixty two thousand four hundred (2,462,400) A131 - Cartridge 7.62MM 4 BALL 1 TRACER; one million two hundred thirty-one thousand two hundred (1,231,200) A111 - Cartridge, 7.62mm Blank M82 Linked; one thousand five hundred twelve (1,512) A541 - 50 Armor Piercing Incendiary, Tracer M20 F/M2; ninety one thousand eight hundred (91,800) A557 - Cartridge, .50 Caliber 4 Ball/1 Tracer Linked M33 F/M2; fifty four thousand (54,000) A598 - Cartridge, .50 Caliber Blank F/M2 (MILES); and four thousand nine hundred sixty eight (4,968) AA38 - Cartridge, .50 Caliber M962 (SLAP); and other related elements of logistics and program support. The total estimated program cost is \$2 billion. The M1A2T tank prime contractor will be General Dynamics Land Systems, Sterling Heights, Michigan. Production will be at Anniston Army Depot, Anniston, Alabama, and the Joint Systems Manufacturing Center, Lima, Ohio. The M88A2 recovery vehicle prime contractor will be BAE, York, Pennsylvania. The M1070A1 Heavy Equipment Transporter (HET) prime contractor will be Oshkosh, Oshkosh, Wisconsin. There are no known offset agreements proposed. However, the purchaser typically requests offsets. Any offset agreement will be defined in negotiations between the purchaser and the contractor.

## **11. DoD/DSCA Updates Security Assistance Management Manual and Policy Memos**

The U.S. Department of Defense's Defense Security Cooperation Agency (DSCA) has made the following updates to its Security Assistance Management Manual (SAMM) and Policy Memorandums:

- DSCA Policy Memo 19-12 Interim Clarification on Methods of Execution under 10 USC § 333 has been posted. This memo clarifies the policy that the case system is the default method for BPC execution and sets forth specific requirements for the provision of direct funding for BPC programs.
- DSCA Policy Memo 19-27 Mandatory Enhanced End-Use Monitoring (EEUM) for Advanced Threat Infrared Countermeasure System has been posted. The Deputy Assistant Secretary of the Army for Defense Exports and Cooperation, recommends ATIRCM systems be designated an EEUM defense article requiring accountability and physical security protections IAW the Golden Sentry program to support Foreign Military Sales to U.S. security partners.

This memo revised Table C8.T4. Defense Articles Designated for EEUM for all FMS-eligible Countries and adds LOA note Advanced Threat Infrared Countermeasures System (ATIRCM) and/or Key ATIRCM Components to Appendix 6: LOA Notes Listing

## **12. DoD/DCSA Posts Notice on DISS Provisioning**

The U.S. Department of Defense's Defense Counterintelligence and Security Agency (DCSA) (formerly Defense Security Service) has posted on its website a notice that beginning August 1, 2019, the Vetting Risk Operations Center will ONLY accept NDAs/SF-312s and CSRs (formally known as RRU in JPAS) through the Defense Information System for Security (DISS). It is imperative that you obtain a DISS account prior to August 1, 2019; to obtain an account please carefully read and follow the DISS JVS Provisioning Instructions located at: [ISS\\_JVS\\_Industry\\_Provisioning\\_Instructions](#).

## **13. Justice Dept. Charges Software Engineer with Taking Stolen Trade Secrets to China**

The U.S. Department of Justice (DOJ) has charged Xudong Yao, also known as "William Yao," 57, with nine counts of theft of trade secrets. Yao is currently at large and believed to be residing in China. According to the indictment, Yao began working for a suburban Chicago locomotive manufacturer in August 2014. Within two weeks of being hired, Yao downloaded more than 3,000 unique electronic files containing proprietary and trade secret information relating to the system that operates the manufacturer's locomotives, the indictment states. During the next six months, Yao downloaded numerous other electronic files containing proprietary and trade secret information, including technical documents and software source code, the indictment states. During the time of this illicit downloading of trade secrets, Yao allegedly simultaneously sought, negotiated, and accepted employment with a business in China that provided automotive telematics service systems. The suburban Chicago manufacturer terminated Yao in February 2015 for reasons unrelated to the alleged theft, which at that time had not been discovered. Shortly thereafter, according to the indictment, Yao made copies of the stolen trade secret information and then traveled to China in July

2015 and began working for the Chinese company. On Nov. 18, 2015, Yao traveled from China to O'Hare International Airport in Chicago, according to the indictment. At the time, he had in his possession the stolen trade secret information, including nine complete copies of the suburban Chicago company's control system source code and the systems specifications that explained how the code worked, the indictment states. Yao returned to China at some point thereafter. The indictment was returned in December 2017 and ordered unsealed July 10, 2019.

#### **14. USTR Announces Product Exclusions from Tariffs on PRC Goods**

(84 Fed. Reg. 32821) - The Office of the U.S. Trade Representative (USTR) has announced additional product exclusions from the increased U.S. tariffs on goods imported from the People's Republic of China as specified in the Annex to the Federal Register notice. The product exclusions announced in this notice apply as of the July 6, 2018 effective date of the \$34 billion action, and will extend for one year after the publication of this notice. U.S. Customs and Border Protection will issue instructions on entry guidance and implementation.

#### **15. USTR Announces Initiation of Section 301 Investigation into France's Digital Services Tax**

On July 10, 2019, the United States Trade Representative (USTR) initiated an investigation under Section 301 of the Trade Act of 1974 of the Digital Services Tax (DST) of the Government of France. The French DST bill would impose a 3% tax on total annual revenues generated by some companies from providing certain digital services to, or aimed at, French users. The tax applies only to companies with total annual revenues from the covered services of at least €750 million globally and €25 million in France. The services covered are ones where U.S. firms are global leaders. The structure of the proposed new tax as well as statements by officials suggest that France is unfairly targeting the tax at certain U.S.-based technology companies. Section 301 and related provisions of the Trade Act (codified as amended in 19 U.S.C. §§ 2411-2417) give the USTR broad authority to investigate and respond to a foreign country's unfair trade practices. USTR will issue a Federal Register Notice providing information on how members of the public may provide their views through written submissions and a public hearing. The United States will continue its efforts with other countries at the OECD to reach a multilateral agreement to address the challenges to the international tax system posed by an increasingly digitized global economy.

#### **16. USTR Pursues Competition-Related Concerns Under the U.S.-Korea Free Trade Agreement**

The Office of the U.S. Trade Representative (USTR) has led formal consultations with the Republic of Korea under the chapter on Competition-Related Matters (Chapter 16) of the United States-Republic of Korea Free Trade Agreement (KORUS). The United States is calling for actions by Korea to improve procedures in competition hearings held by the Korea Fair Trade Commission (KFTC). These shortcomings have denied U.S. parties certain rights, including the opportunity to review and rebut the evidence against them. At issue is Korea's non-compliance with KORUS Article 16.1.3, which states, in relevant part, that a party in an administrative hearing related to competition must "have a reasonable opportunity to... review and rebut the evidence and any other collected information on which the determination may be based." Following extensive efforts to resolve this concern, USTR

requested formal consultations in March of 2019. Michael Beeman, Assistant U.S. Trade Representative for Japan, Korea and APEC led the consultation and called for immediate action by Korea to come into compliance with KORUS. Currently pending amendments to Korea's "Monopoly Regulations and Fair Trade Act" fail to address U.S. concerns that KFTC hearings continue to deny U.S. firms due process rights under the KORUS agreement that are necessary to secure a fair competition hearing in Korea. [Click here](#) for further information in the March 15, 2019, USTR request calling for consultations under the KORUS Competition Chapter.

## **17. Commerce/ITA Seeks New Members for District Export Councils**

(84 Fed. Reg. 32414) - The U.S. Department of Commerce's International Trade Administration (ITA) is seeking nominations of individuals for consideration for appointment by the Secretary of Commerce to serve as members of one of the 61 District Export Councils (DECs) nationwide. DECs are closely affiliated with the U.S. Export Assistance Centers (USEACs) of the U.S. and Foreign Commercial Service (US&FCS), and play a key role in the planning and coordination of export activities in their communities. Nominations for individuals to a DEC must be received by the local USEAC Director by 5:00 PM local time on August 10, 2019.

## **18. Commerce Dept. Seeks Public Comments on State of Counterfeit and Pirated Goods Trafficking**

(84 Fed. Reg. 32861) - The U.S. Department of Commerce is seeking comments from intellectual property rights holders, online third-party marketplaces and other third-party intermediaries, and other private-sector stakeholders on the state of counterfeit and pirated goods trafficking through online third-party marketplaces and recommendations for curbing the trafficking in such counterfeit and pirated goods. All responses to this notice will be shared with interagency teams, and specifically the Department of Homeland Security (DHS), for use in preparing a report for the President as directed by the April 3, 2019 Presidential Memorandum on "Combating Trafficking in Counterfeit and Pirated Goods" (Presidential Memorandum). Commerce must receive comments by 5:00 PM EDT on Monday, July 29, 2019.

## **19. WTO News**

- WTO issues panel reports regarding US measures on Canadian, Mexican steel and aluminium
- WTO issues panel reports regarding Canadian, Mexican duties on US products
- Russia initiates WTO dispute against US dumping duties on steel
- WTO issues second compliance panel report regarding Thai measures on imported cigarettes
- Belarus reaffirms intent to complete WTO accession by next Ministerial Conference

- Follow-up Session begins for 14th Advanced Course on Sanitary and Phytosanitary Measures
- Costa Rica launches safeguard investigation on white sugar
- Trade Policy Review: North Macedonia

## **20. U.S. Government Contracting**

- DoD, GSA & NASA/Federal Acquisition Regulation (FAR): Proposed Rule - Requirements for DD Form 254, Contract Security Classification Specification - Deadline for Public Comment: Sept. 10, 2019
- DoD/Defense Federal Acquisition Regulation Supplement (DFARS): OMB Information Collection Submission - DFARS Part 246, Quality Assurance, and related clauses at 252.246 - Deadline for Public Comment: Sept. 13, 2019
- DoD/Air Force: Notice of Intent To Grant a Partially Exclusive Patent License to S9 Engineering Technology Corp.
- DoD/Army: Final Rule - Repeal of Obsolete Acquisition Regulation - Government Property
- DoD/Army: Final Rule - Repeal of Obsolete Acquisition Regulation - Required Sources of Supplies and Services
- DoD/Army: Final Rule - Repeal of Obsolete Acquisition Regulation -Small Business and Small Disadvantaged Business Concerns
- DoD/Army: Final Rule - Repeal of Obsolete Acquisition Regulation: Solicitation Provisions and Contract Clauses
- DoD/Army: Update to the October 24, 2016 Military Freight Traffic Unified Rules Publication (MFTURP) No. 1
- DoD/Navy: Notice of Intent to Grant License to Axis3
- GSA/General Services Administration Acquisition Regulation (GSAR): OMB Information Collection Submission - Modifications 552.238-81 - Deadline for Public Comment: Aug. 7, 2019

## **21. U.S. Customs and U.S. Census/AES Updates**

- U.S. Customs - Fiscal Year 2020 Tariff-Rate Quota Allocations for Raw Cane Sugar, Refined and Specialty Sugar, and Sugar-Containing Products

- U.S. Customs - Customs Bulletin and Decisions - Vol. 53, July 10, 2019, No. 23

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- Commerce/E&C - Acetone From Belgium, the Republic of Korea, and the Republic of South Africa: Postponement of Preliminary Determinations in the Less- Than-Fair-Value Investigations
- Commerce/E&C - Biodiesel From Argentina: Preliminary Results of Changed Circumstances Reviews of the Antidumping and Countervailing Duty Orders
- Commerce/E&C - Certain Cold-Rolled Steel Flat Products From the Republic of Korea: Affirmative Preliminary Determination of Anti-Circumvention Inquiries on the Antidumping Duty and Countervailing Duty Orders
- Commerce/E&C - Certain Corrosion-Resistant Steel Products From Republic of Korea: Affirmative Preliminary Determination of Anti-Circumvention Inquiries on the Antidumping Duty and Countervailing Duty Orders
- Commerce/E&C - Certain Corrosion-Resistant Steel Products From Taiwan: Affirmative Preliminary Determination of Anti-Circumvention Inquiry on the Antidumping Duty Order
- Commerce/E&C - Certain Fabricated Structural Steel From Canada: Preliminary Negative Countervailing Duty Determination and Alignment of Final Determination With Final Antidumping Duty Determination
- Commerce/E&C - Certain Fabricated Structural Steel From Mexico: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination With Final Antidumping Duty Determination



- Commerce/E&C - Certain Fabricated Structural Steel From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination With Final Antidumping Duty Determination
- Commerce/E&C - Certain Polyester Staple Fiber From the Republic of Korea: Initiation and Preliminary Results of Antidumping Duty Changed Circumstances Review
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- Commerce/E&C - Mattresses From the People's Republic of China: Amended Preliminary Determination of Sales at Less Than Fair Value
- Commerce/E&C - Non-Malleable Cast Iron Pipe Fittings From the People's Republic of China: Continuation of Antidumping Duty Order
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## Reviews of the Antidumping Duty Orders

- Commerce/E&C - Initiation of Antidumping and Countervailing Duty Administrative Reviews
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- USITC - Certain LED Lighting Devices, LED Power Supplies, and Components Thereof: Commission's Final Determination of No Violation of Section 337 by the Participating Respondents, and Final Determination of a Violation of Section 337 by a Defaulted Respondent; Issuance of a Limited Exclusion Order and a Cease and Desist Order; Termination of the Investigation
- USITC - Polyethylene Terephthalate (PET) Sheet From Korea, Mexico, and Oman: Institution of Anti-Dumping Duty Investigations and Scheduling of Preliminary Phase Investigations
- USITC - Utility Scale Wind Towers From Canada, Indonesia, Korea, and Vietnam: Institution of Anti-Dumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations
- USITC - Government in the Sunshine Act Meeting Notice - July 17, 2019, at 11:00 AM EDT
- USITC - Government in the Sunshine Act Meeting Notice - July 19, 2019, at 11:00 AM EDT

## **23. GAO and CRS Reports, Testimony, and Correspondence of Interest**

- DEFENSE ACQUISITIONS: DOD Needs to Improve How It Communicates the Status of Regulation Changes GAO-19-489: Published: Jul 11, 2019. Publicly Released: Jul 11, 2019.
- GAO WatchBlog: Troubling Trends in DOD's Weapon Programs
- BORDER INFRASTRUCTURE: Actions Needed to Improve Information on Facilities and Capital Planning at Land Border Crossings GAO-19-534: Published: Jul 11, 2019. Publicly Released: Jul 11, 2019.
- CRS - Coup-Related Restrictions in U.S. Foreign Aid Appropriations
- CRS - Iran Sanctions
- CRS - Military Retirement: Background and Recent Developments

- CRS - Zimbabwe: A Continuing Crisis
- CRS - Hypersonic Weapons: Background and Issues for Congress
- CRS - Iraq and U.S. Policy
- CRS - Moldova: An Overview
- CRS - U.S. Trade Debates: Select Disputes and Actions
- CRS - SBA Veterans Assistance Programs: An Analysis of Contemporary Issues
- CRS - The Current State of Federal Information Technology Acquisition Reform and Management
- CRS - Comparing DHS Component Funding, FY2019: In Brief
- CRS - Turkey: Background and U.S. Relations In Brief
- CRS - U.S.-EU Trade and Investment Ties: Magnitude and Scope
- CRS - U.S. Trade Debates: Select Disputes and Actions

## **24. U.S. Government Trade Forms and Other Information Collections Open for Public Comment**

(84 Fed. Reg. 33222) - Agency: U.S. Dept. of Commerce/Bureau of Economic Analysis(BEA) - Title: Quarterly Survey of U.S. Direct Investment Abroad--Transactions of U.S. Reporter With Foreign Affiliate - Agency Form No.: BE-577 - Type of Review: Regular Submission - Deadline for Public Comment: Sept. 10, 2019

(84 Fed. Reg. 32429) - Agency: U.S. Dept. of Defense/Office of the DoD Chief Information Officer - Title: DoD's Defense Industrial Base (DIB) Cybersecurity (CS) Activities Cyber Incident Reporting - Agency Form No.: None - Type of Review: Not stated - Deadline for Public Comment: Sept. 6, 2019

## **Other Headlines**

## **25. U.S. Firms May Get Nod to Restart Huawei Sales in Two-Four Weeks-Official**

Reuters.com, July 14 - The U.S. may approve licenses for companies to re-start new sales to Huawei in as little as two weeks, according to a senior U.S. official, in a sign President Donald Trump's recent effort to ease restrictions on the Chinese company could move forward quickly. Huawei, the world's largest telecommunications equipment maker, was added to a Commerce Department list in May that prohibits U.S. companies from supplying it with new American-made goods and services unless they obtain licenses that will likely be denied. But late last month, after meeting with Chinese president Xi Jinping, President

Donald Trump announced American firms could sell products to Huawei. And in recent days, Commerce Secretary Wilbur Ross said licenses would be issued where there is no threat to national security. Trump's reversal, and rapid implementation by the Commerce Department, suggests chip industry lobbying, coupled with Chinese political pressure, may well reignite U.S. technology sales to Huawei.

## **26. Manufacturers Move Supply Chains Out of China**

Wall Street Journal.com, July 14 - U.S. manufacturers are shifting production to countries outside of China as trade tensions between the world's two biggest economies stretch into a second year. Companies that make Crocs shoes, Yeti beer coolers, Roomba vacuums and GoPro GPRO cameras are producing goods in other countries to avoid U.S. tariffs of as much as 25% on some \$250 billion of imports from China. Apple Inc. also is considering shifting final assembly of some of its devices out of China to avoid U.S. tariffs. Furniture-maker Lovesac Co. is making about 60% of its furniture in China, down from 75% at the start of the year. "We have been shifting production to Vietnam very aggressively," said Shawn Nelson, chief executive of the Stamford, Conn., company. Mr. Nelson said he plans to have no production in China by the end of next year. The moves by U.S. companies add up to a reordering of global manufacturing supply chains as they prepare for an extended period of uneven trade relations. Executives at companies that are moving operations outside China said they expect to keep them that way because of the time and money invested in setting up new facilities and shifting shipping arrangements. Companies said the shifts accelerated after the tariff on many Chinese imports rose to 25% from 10% in May.

## **27. China Says Will Freeze Out U.S. Companies That Sell Arms to Taiwan**

Reuters.com, July 15 - China's government and Chinese companies will cut business ties with U.S. firms selling arms to Taiwan, China's Foreign Ministry said on Monday, declining to give details of the sanctions in a move likely to worsen already poor ties with Washington. China claims self-ruled and democratic Taiwan as its own and has never renounced the use of force to bring it under Beijing's control. China regularly calls Taiwan the most sensitive issue in its relations with the United States. Last week, the Pentagon said the U.S. State Department had approved the sale of the weapons requested by Taiwan, including 108 General Dynamics Corp (GD.N) M1A2T Abrams tanks and 250 Stinger missiles, which are manufactured by Raytheon (RTN.N). China said on Friday it would sanction U.S. companies selling weapons to Taiwan but did not elaborate. The latest deal involves \$2.2 billion worth of tanks, missiles and related equipment for Taiwan. Chinese Foreign Ministry spokesman Geng Shuang said the arms sales were a violation of international law and harmed China's sovereignty and national security.

## **28. Japan, South Korea Spar Over Trade Talks as U.S. Stays Away**

Bloomberg.com, July 13 - Japan and South Korea bickered over the details of rival briefings about export-control talks Saturday as the U.S. backed away from a potential role as a mediator in a fight over history and trade between its two Asian allies. Officials at Japan's Ministry of Economy, Trade and Industry held a press conference at which they denied an assertion from South Korea that it had called for the reversal of tighter export controls in a Friday meeting. Jun Iwamatsu, the director of the trade control policy division, said South Korean officials had gone beyond what the two sides had agreed to tell the media, adding

that the ministry had complained to the South Korean Embassy. The latest flare-up in long fraught ties follows a series of South Korean court decisions ordering the seizure of Japanese corporate assets as compensation for Koreans conscripted to work in factories and mines during the 1910-1945 colonial era. The issue escalated from a regional diplomatic spat to a global trade worry last week after Japan moved to curb the export of specialty materials vital to South Korea's technology sector.

## **29. India Likely to Miss NATO+ Grouping of US Arms Buyers**

HindustanTimes.com, July 12 - The US House of Representatives is scheduled to pass on Friday a defence budget legislation without a provision that would have put major defence purchases intended for India on the same fast-track mechanism that is now used for clearing arms deals for America's NATO allies and a handful of other countries. This will effectively end efforts to catapult India into that category in 2020, as the US Senate's defence bill for the coming fiscal, passed late June, also did not contain that clause. Multiple people involved in the framing and movement of the legislative provision through US Congress attributed the collapse of these efforts, in background interviews, to opposition from the state department and some to the Congress for India's planned purchase of Russian S-400 missile defence systems. "It's disappointing," said one of them, "but we will not give up and try again in 2020 (for the 2021 budget)."

## **30. How Do Americans Feel About US Arms Sales? Not Great.**

DefenseNews.com, July 12 - Congress is still divided on the decision to continue selling weapons to Saudi Arabia, and it turns out the American public feels a similar way. According to a new public opinion poll, 70 percent of Americans oppose arms sales to other nations and see the transactions as a threat to national security. However, when it comes to the U.S.-Saudi relationship, the Chicago Council on Global Affairs found that 50 percent of Americans feel the alliance weakens U.S. national security, while 45 percent say it does more to strengthen national security. "Saudi Arabia has long been viewed as a valuable security partner for US grand strategy in the Middle East. As such, it has received significant military aid and equipment from the United States," the think tank said in its findings. As for opposition to U.S. arms sales in general, the poll found that this view crosses traditional partisan lines: 75 percent of Democrats, 70 percent of Independents and 62 percent of Republicans expressed a lack of safety associated with arms sales. "Overall, 20 percent say arms sales make no difference to US safety, while just 9 percent say they make the US safer," the think tank reported.

## **31. Judge Sides With Pentagon and Amazon in Cloud Bidding Case**

APNews.com, July 12 - A federal judge has dismissed allegations that bidding for a \$10 billion cloud computing contract with the Pentagon was rigged to favor Amazon. Friday's ruling dismissing Oracle's claims clears the Defense Department to award the contract to one of two finalists: Amazon or Microsoft. It will be a boon for whichever company gets to run the 10-year computing project, which the U.S. military considers vital to maintaining its technological advantage over adversaries and accelerating its use of artificial intelligence in warfare. Oracle and IBM were eliminated during an earlier round, but Oracle persisted with a legal challenge claiming conflicts of interest. Court of Federal Claims Judge Eric Bruggink said Friday that Oracle can't demonstrate favoritism because it didn't meet the project's bidding requirements to begin with. Bruggink also sided with a Pentagon contracting officer's

earlier finding that there were no “organizational conflicts of interest” and no individual conflicts that harmed the bidding. Department of Defense spokeswoman Elissa Smith praised the judge’s order, saying it reaffirms the Pentagon’s position that the bidding process “has been conducted as a fair, full and open competition, which the contracting officer and her team executed in compliance with the law.” Smith said the military “has an urgent need” to get the cloud services in place. The Pentagon plans to pick a vendor as soon as Aug. 23.

### **32. Pentagon Races to Track U.S. Rare Earths Output Amid China Trade Dispute**

Reuters.com, July 12 - The Pentagon is rapidly assessing the United States’ rare earths capability in a race to secure stable supply of the specialized material amid the country’s trade conflict with China, which controls the rare earths industry, according to a government document seen by Reuters. The push comes weeks after China threatened to curb exports to the United States of rare earths, a group of 17 minerals used to build fighter jets, tanks and a range of consumer electronics. The Pentagon wants miners to describe plans to develop U.S. rare earths mines and processing facilities, and asked manufacturers to detail their needs for the minerals, according to the document, which is dated June 27. Responses are required by July 31, a short time frame that underscores the Pentagon’s urgency. The U.S. government’s fiscal year ends in September. The U.S. Air Force, which is part of the Pentagon and created the document, confirmed the document’s existence. The Pentagon’s headquarters did not respond to a request for comment. The responses will be reviewed by two government contractors, including Northrop Grumman Corp, which did not respond to requests for comment.

### **33. Defense Department Accelerates Hypersonic Weapons Development**

NationalDefenseMagazine.org, July 11 - A renewed sense of urgency spurred by rivals Russia and China has pushed the U.S. military to speed up the development of hypersonic technology. The Army, Navy and Air Force are all closely involved in the campaign with more test flights coming in 2020. The systems are characterized by their maneuverability and ability to reach speeds of Mach 5 and greater. Michael Griffin, undersecretary of defense for research and engineering, has been an outspoken advocate for hypersonic weapon research and development. “Hypersonic capabilities remain a major department-wide modernization focus, and DoD is accelerating hypersonic systems development and demonstration,” he said in March during testimony before the House Armed Services Committee’s subcommittee on intelligence and emerging threats and capabilities. The Defense Department requested \$2.6 billion toward hypersonics in President Donald Trump’s fiscal year 2020 budget request and is nearly doubling its long-term investments from \$6 billion to \$11.2 billion over the next five years, Griffin noted.

### **34. China, Russia Hypersonic Programs - Real Progress or Bluster?**

NationalDefenseMagazine.org, July 12 - China and Russia’s intention to pursue hypersonic weapons lit a fire under the U.S. military, forcing it to re-invigorate its own programs. But just how far the two rivals have come in their own programs and whether or not they can penetrate the United States’ missile defenses is a matter of debate. Are they behind? Have they caught up? Or are they ahead of the United States when it comes to this disruptive

technology? The answers are opaque, experts said. When the United States began to shift its attention to counterterrorism missions after the Cold War, Russia and China used it as an opportunity to bolster their air and missile portfolios, said Tom Karako, director of the missile defense project at the Center for Strategic and International Studies. "The Cold War ended, and we kind of patted ourselves on the back. And we said, 'Aha, we've got air superiority,'" he said at the Hudson Institute. But Russia and China had begun to adapt, and they've begun to adapt especially with a spectrum of air and missile threats, he added.

### **35. Space Startups See Big Payouts in New Push to the Moon**

Wall Street Journal.com, July 14 - This is a heady time for space entrepreneurs. That's because while the race to build rockets for a return to the moon has been the province of industrial and technology giants, there's plenty of room for startups to get involved in other aspects of this massive undertaking. Indeed, startups are carving out crucial roles in the National Aeronautics and Space Administration's renewed quest to land on—and eventually colonize—the moon, taking on projects from delivering equipment to the surface, to hunting down lunar ice that can be transformed into breathable air and rocket fuel, to 3-D printing huts on the moon. The Trump administration has laid out an ambitious timeline for NASA's so-called Artemis program: land astronauts on the moon by 2024 and establish a "sustained human presence" there by 2028. For space entrepreneurs long obsessed with colonizing the moon, the renewed lunar focus is a godsend. In May, NASA unveiled a request for a \$1.6 billion 2020 budget increase to accelerate human exploration of the moon and to expand commercial partnerships. Still, venture capital may not be as forthcoming, and for many of these startups, the ability to make moon colonization a sustainable business remains a question mark.

### **36. GAO Looks at Where Pentagon Contract Awards End Up**

DefenseNews.com, July 12 - The U.S. government awarded more money in contracts to foreign-owned firms located abroad than U.S.-based subsidiaries of foreign-owned firms, according to a government watchdog. A May 2019 report by the Government Accountability Office analyzed U.S. government contracts during fiscal 2015. In total, the U.S. government awarded \$290.9 billion in contracts; of this, \$12 billion went to firms located outside of the United States, the GAO found. The Department of Defense awarded 80 percent of those contracts awarded to firms out of the country, according to the report. Many of those contracts went toward U.S. military efforts in the individual country. In fiscal 2015, nearly 11,000 defense contracts were awarded for a total of \$9.8 billion. This accounts for 26 percent of all U.S. government contracts to foreign firms. "About a quarter of DOD's \$9.8 billion in aggregate award value were for purchases of fuel, oil, lubricant, and wax. About 9 percent were for education and training services, and about 7 to 8 percent each were for construction of buildings and housekeeping services," the GAO said.

### **37. Opinion: Defense Community Must Help Lower-Tier Suppliers**

NationalsDefenseMagazine.org, July 10 - The American public has witnessed the rollout and christening of the most advance, sophisticated and complex defense systems in the world on a regular basis. The accolades to Boeing, Lockheed Martin, Huntington Ingalls and Electric Boat, to name a few, are certainly well deserved. Without their vision, design and leadership, these marvelous systems would never be fielded. The rollout and commissioning ceremonies are witness to the Who's Who in the defense community and government. When

queried, key executives in these tier 1 companies are the first to acknowledge that none of this would be possible without an immense subcontractor and supplier base, in many cases over 1,000 companies. We do not see them at rollout ceremonies or receiving praise from politicians even though none of this work would be possible without them. Employees in these lower-tiered companies have no idea where their part will end up, for security reasons or for the fact that they are layers below the major defense companies. Yet, the number of suppliers is fewer and fewer with each passing day. This staggering reduction is a major concern to the government and the defense community.

### **38. Opinion: Space Force: What Is It Good For?**

BreakingDefense.com, July 15 - Congress and the Pentagon need to answer this question: what problem is the Space Force trying to solve? While it might seem a straightforward question, it isn't. Not only are there direct questions about how does an independent service for space resolve problems directly challenging US national security space operations and management, experts say. There is an elemental debate inside the military, the Intelligence Community and Congress about the future of warfare and space power's role in it. Unfortunately, the current discussion about the Space Force tend to be more narrowly defined. "When people talk about the current debate they tend to think about this in terms of who's in charge, who's in control — the classic rice bowl debate," says Jamie Morin, vice president of Defense Systems Operations at the Aerospace Corporation. "The focus has been on the 'who's in charge question' and how the different (congressional) committees have different perspectives on that, and the department's proposal's in a different place. But the broader question is still what problem are we solving? And some of the differences in perspective are because different people have different ideas about the problems that we're solving."

### **Upcoming Export Control and Other Trade Compliance Conferences**

**July 19 - Massachusetts Small Business Development Center Network - Managing Export Operations and Compliance - Webinar - 11:30 AM to 1:30 PM EDT - \$50**

**July 23-24 - U.S. Dept. of Homeland Security/U.S. Customs and Border Protection - 2019 Trade Symposium - Chicago - Marriott Marquis Hotel**

**July 23-25 - American Conference Institute - Anti-Corruption Compliance for High Risk Markets - Washington, DC - Kimpton Hotel Palomar**

**July 24-25 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & Missouri District Export Council - Complying with U.S. Export Controls - St. Louis - Eric P. Newman Education Center, 320 South Euclid Avenue**

**July 29-30 - National Customs Brokers & Forgers Association of America, Inc. - GTEC - Global Trade Educational Conference 2019 - Norlin - Hotel Monteleone**

**Aug. 20-21 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & The Southern Ohio District Export Council - Complying with U.S. Export Controls - Cincinnati, OH - Hilton Cincinnati Netherland Plaza Hotel**

**Aug. 20-21 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & Professional Association of Exporters and Importers - Complying with U.S. Export Controls - Milpitas, CA - Crowne Plaza San Jose-Silicon Valley**

**Aug. 22 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & Professional Association of Exporters and Importers - Encryption Controls - Milpitas, CA - Crowne Plaza San Jose-Silicon Valley**



**Sept. 17 - U.S. Dept. of Commerce/U.S.Census Bureau - Automated Commercial Environment (ACE) Exports Compliance Seminar - Chicago**

**Sept. 18-19 - U.S. Dept. Commerce/Bureau of Industry and Security(BIS) & The District Export Council of Southern California - Complying with U.S. Export Controls - Los Angeles - Sheraton Gateway Los Angeles Hotel**

**Sept. 24-25 - 12th Conference on the Foreign Corrupt Practices Act - San Francisco**

**Sept. 25 - American Conference Institute - National Forum on FARA - Washington DC**

**Sept. 25-26 - American Conference Institute - West Coast Conference on FCPA Enforcement and Compliance - San Francisco - Marines' Memorial Club & Hotel**

**Sept. 25-26 - SMi Group - Defence Exports 2019 - Amsterdam - Ramada Apollo Amsterdam Centre Hotel - *Gary Stanley, Editor of Defense and Export-Import Update, will once again chair this important conference.***

**Oct. 2-3 - Canadian Institute - Canadian Forum on Global Economic Sanctions Compliance & Enforcement - Toronto - Sheraton Centre Toronto Hotel**

**Oct. 15 - American Conference Institute - 5th Asia Pacific Summit on Economic Sanctions Compliance and Enforcement - Singapore**

**Oct. 16-17 - American Conference Institute - 8th Asia-Pacific on Anti-Corruption Singapore - Singapore**

**Oct. 22-23 - C5 Group - Anti-Corruption France - Paris**

**Oct. 28-29 - Society for International Affairs - 2019 Fall Advanced Conference - Washington, DC - Marriott Wardman Park Hotel**

**Nov. 12-13 - Nielsonsmith - Customs Compliance in Europe 2019 - Düsseldorf, Germany**

**Nov. 20-21 - Nielsonsmith - The European Anti-Corruption Summit - Munich, Germany**

**Dec. 4-5 - American Conference Institute - 36th International Conference on the Foreign Corrupt Practices Act - Washington, DC**

**Dec. 10-11 - American Conference Institute - 10th Annual New York Forum on Economic Sanctions - New York City**

**Jan. 23-24 - American Conference Institute - AML & OFAC Compliance for the Insurance Industry - New York City**

**Jan. 30-31 - American Conference Institute - 14th Forum on the Foreign Corrupt Practices Act - Houston**

**Feb. 5-6 - Nielsonsmith - Export Compliance in Europe - Munich, Germany**

**Feb. 11-12 - Nielsonsmith - European, EU and EU Member State Trade Controls Compliance for North American Companies Summit - Washington, DC**

**Feb. 24-26 - Society for International Affairs - 2020 Winter Back to Basics Conference - Las Vegas - Westin Las Vegas Hotel**

We hope this update proves helpful. If you have questions about any of these developments, please do not hesitate to call us. If you received this free newsletter from a colleague or friend and would like to subscribe directly, please just e-mail your name, title, company, and e-mail address to [gstanley@glstrade.com](mailto:gstanley@glstrade.com).

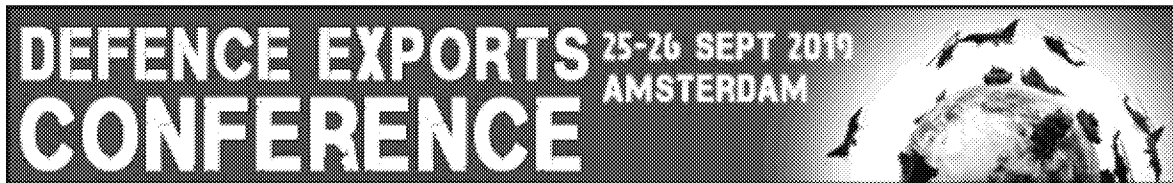
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**From:** Gary Stanley [REDACTED]@glstrade.com]  
**Sent:** 7/16/2019 2:46:51 AM  
**To:** Mira Ricardel [Mira.Ricardel@bis.doc.gov]  
**Subject:** Defense and Export-Import Update (July 15, 2019)



**Dear All,**  
**Good Day!**

**Gary Stanley's ECR Tip of the Day:** To support a license application for an item subject to missile technology export controls or when the item to be exported will be used in a missile project or program, the information provided with your application should include technical specifications or brochures on the items you wish to export. Information that substantiates the legitimate activities of the end-user should be supplied as well. You should also include import or end-user certificates if the item is also subject to national security controls. For items to be used in a missile project or program, at a minimum, always specify the maximum capable range and payload of the delivery system or launch vehicle. Any information regarding the specific project or program should be provided; note if there is any U.S Government funding or oversight involved. You can also include open source information from Web sites, marketing brochures, etc. All of this information will assist licensing officers in their evaluation, determination, and licensing recommendations for the case. Including this information could prevent potential delays in the processing of the case and avoid a return of the application without action. The documentation requirements for export license applications are explained in detail in Part 748 of the EAR.

**Today's Items:**

- 1. DDTC Changes DTCC Registration Name**
- 2. DDTC Posts Four New Name/Address Changes Notices**
- 3. BIS Posts Presentations from BIS 2019 Update Conference**
- 4. BIS Reaches Settlement Agreement with Two Iranian-American Individuals and an Iranian Co.**
- 5. Two Mitsubishi Units Settle Antiboycott Charges**
- 6. OFAC Sanctions Venezuela's Military Counterintelligence Agency Following the Death of a Venezuelan Navy Captain**
- 7. OFAC Targets Iranian-Backed Hizballah Officials for Exploiting Lebanon's Political and Financial System**
- 8. OFAC Targets Cuban Support for the Illegitimate Venezuelan Regime**
- 9. President Trump Issues Executive Order on Maximizing Use of American-Made Goods and Materials**
- 10. DoD/DSCA Notifies Congress of Possible FMS to Germany, Greece, and Taipei**
- 11. DoD/DSCA Updates Security Assistance Management Manual and Policy Memos**

- 12. DoD/DCSA Posts Notice on DISS Provisioning**
- 13. Justice Dept. Charges Software Engineer with Taking Stolen Trade Secrets to China**
- 14. USTR Announces Product Exclusions from Tariffs on PRC Goods**
- 15. USTR Announces Initiation of Section 301 Investigation into France's Digital Services Tax**
- 16. USTR Pursues Competition-Related Concerns Under the U.S.-Korea Free Trade Agreement**
- 17. Commerce/ITA Seeks New Members for District Export Councils**
- 18. Commerce Dept. Seeks Public Comments on State of Counterfeit and Pirated Goods Trafficking**
- 19. WTO News**
- 20. U.S. Government Contracting**
- 21. U.S. Customs and U.S. Census/AES Updates**
- 22. Commerce/Enforcement and Compliance and U.S. International Trade Commission Actions and Votes**
- 23. GAO and CRS Reports, Testimony, and Correspondence of Interest**
- 24. U.S. Government Trade Forms and Other Information Collections Open for Public Comment**

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#### **Upcoming Export Control and Other Trade Compliance Conferences**

- 1. DDTC Changes DTCC Registration Name**

The U.S. Department of State's Directorate of Defense Trade Controls (DDTC) has posted on its website a notice that Effective July 15, 2019, the Registration division's name within the Office of Defense Trade Controls Compliance (DTCC) will change to the Registration Compliance & Analysis (RCA) division. There is no change to the Registration organization structure. All registration letters issued on and after July 15, 2019 ,will reflect the RCA division. All active registration letters issued before July 15, 2019, will remain valid and no changes are required. Updates to the DDTC Website will also occur on July 15, 2019, to be consistent with this DTCC/Registration name change.

## 2. DDTC Posts Four New Name/Address Change Announcements

The U.S. Department of State's Directorate of Defense Trade Controls (DDTC) has posted on its website the following four new name/address change announcements:

- Singapore Technologies to ST Engineering Name Changes
- BAE Systems Global Combat Systems Ltd to Rheinmetall BAE Systems Land Limited Name Change
- Harris Systems Limited Address Change
- Spezialtechnik Dresden GmbH Name and Address Change

## 3. BIS Posts Presentations from BIS 2019 Update Conference

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has posted on its website the following presentations from its BIS 2019 Update Conference held July 9-11, 2019, in Washington, DC:

<ul style="list-style-type: none"> <li>• 600 Series</li> <li>• Air and Space -- BIS</li> <li>• Air and Space -- NASA</li> <li>• Air and Space -- NOAA</li> <li>• Census -- ACE Export Reports</li> <li>• Census -- Global Market Finder</li> <li>• CFIUS -- BIS</li> <li>• CFIUS -- ITA</li> <li>• Compliance -- BIS</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance -- DDTC Compliance Program</li> <li>• Compliance -- OFAC</li> <li>• Deemed Exports</li> <li>• Encryption</li> <li>• Freight Forwarders and Routed Transactions</li> <li>• Proscribed Parties and Catch-All Controls</li> <li>• Regulatory Update</li> </ul>
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- |   |
|---|
| <ul style="list-style-type: none"><li>• Sanctions</li><li>• Section 232</li></ul> |
|---|

#### **4. BIS Reaches Settlement Agreement with Two Iranian-American Individuals and an Iranian Co.**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that Pouran Aazad, a.k.a. Pouran Azad, a.k.a. Pourandokt Aazad, a.k.a. Pourandokt Azad ("Aazad"), Sadr Emad-Vaez, a.k.a. Seid Sadredin Emad Vaez ("Emad-Vaez"), both of Palo Alto, Hills, California, and Ghareh Sabz Co., a.k.a. Ohare Sabz Co., a.k.a. GHS Technology ("Ghareh Sabz Co.") of Tehran, Iran, have jointly and severally agreed to pay a civil penalty of \$300,000 and to have their export privileges denied for ten years to settle charges that they committed one violation of EAR § 764.2 (Conspiracy to to export an item from the United States to Iran without the required U.S. Government authorization). Beginning as early as in or around November 2012, continuing at least until on or about April 26, 2013, Aazad, Emad-Vaez, and Ghareh Sabz Co. conspired and acted in concert with others, known and unknown, to evade the longstanding and well-known U.S. embargo against Iran by purchasing a U.S.origin micro-drill press for export to Iran and causing the export of this item to Iran, via transshipment through the United Arab Emirates ("UAE"), without the required U.S. Government authorization. [Click here for the Settlement Agreement and related documentation.](#)

#### **5. Two Mitsubishi Units Settle Antiboycott Charges**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced the settlement of the following antiboycott cases:

- Mitsubishi International Corporation (MIC) has agreed to pay a civil penalty of \$5,000 to settle charges that it committed one violation of EAR § 760.2(d) (Furnishing information about business relationships with boycotted countries or blacklisted persons) and two violations of EAR § 760.5 (Failing to report the receipt of a request to engage in a restrictive trade practice or foreign boycott against a country friendly to the United States). These violations took place during the period June 2013 through January 2014, MIC engaged in transactions involving the sale and/or transfer of goods and services (including information) from the United States to Bahrain and Oman, activities in the interstate or foreign commerce of the United States, as defined in EAR § 760.1(d). [Click here for the Settlement Agreement and related documentation.](#)
- Mitsubishi International Polymer Trade Corporation (MIP) has agreed to pay a civil penalty of \$15,000 to settle charges that it committed to violations of EAR § 760.2(d) (Furnishing information about business relationships with boycotted countries or blacklisted persons) and nine violations of EAR § 760.5 (Failing to report the receipt of a request to engage in a restrictive trade practice or foreign boycott against a country friendly to the United States). These violations took place during the period April 2014 through March 2015 when MIP engaged in transactions involving the sale and/or transfer of goods or services (including information) from the United States to Oman and the United Arab Emirates, activities in the interstate or foreign commerce of the United States, as defined in EAR § 760.1(d). [Click here for the Settlement Agreement and related documentation.](#)

## **6. OFAC Sanctions Venezuela's Military Counterintelligence Agency Following the Death of a Venezuelan Navy Captain**

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has designated the Government of Venezuela's General Directorate of Military Counterintelligence, or La Dirección General de Contrainteligencia Militar, most commonly known as the DGCIM. This action, taken pursuant to Executive Order (E.O.) 13850, as amended, targets the DGCIM for operating in Venezuela's defense and security sector. On June 21, 2019, the DGCIM detained Navy Captain Rafael Acosta Arévalo, claiming he was involved in a plot to assassinate Maduro. When Acosta was next seen publicly at his hearing seven days later, he showed signs of physical abuse, including being in a wheelchair, and he was unable to speak. On June 29, Captain Acosta died. On July 5, 2019, the UN Office of the High Commissioner for Human Rights released a report that detailed methods used by the DGCIM to extract information and confessions, intimidate, and punish detainees. Earlier reports by the Organization of American States and Human Rights Watch, among other organizations, have also detailed the DGCIM's brutality and use of torture. As a result of this action, all property and interests in property of this entity, and of any entities that are owned, directly or indirectly, 50 percent or more by this entity, that are in the United States or in the possession or control of U.S. persons are blocked and must be reported to OFAC. OFAC's regulations generally prohibit all dealings by U.S. persons or within (or transiting) the United States that involve any property or interests in property of blocked or designated persons.

## **7. OFAC Targets Iranian-Backed Hizballah Officials for Exploiting Lebanon's Political and Financial System**

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has designated key Hizballah political and security figures leveraging their privileged positions to facilitate Hizballah's malign agenda and do Iran's bidding. Specifically, OFAC designated Hizballah Members of Parliament Amin Sherri and Muhammad Hasan Ra'd, and Hizballah security official Wafiq Safa, for acting for or on behalf of Hizballah. These individuals were designated under Executive Order (E.O.) 13224, which targets terrorists and those providing support to terrorists or acts of terrorism. As a result of these actions, all property and interests in property of these targets that are in the United States or in the possession or control of U.S. persons must be blocked and reported to OFAC. OFAC's regulations generally prohibit all dealings by U.S. persons or within the United States (including transactions transiting the United States) that involve any property or interests in property of blocked or designated persons. In addition, persons that engage in certain transactions with the individuals and entities designated today may themselves be exposed to sanctions or subject to an enforcement action. Furthermore, the three designated individuals are subject to secondary sanctions pursuant to the Hizballah Financial Sanctions Regulations, which implements the Hizballah International Financing Prevention Act of 2015, as amended by the Hizballah International Financing Prevention Amendments Act of 2018. Pursuant to this authority, OFAC can prohibit or impose strict conditions on the opening or maintaining in the United States of a correspondent account or a payable-through account by a foreign financial institution that knowingly facilitates a significant transaction for Hizballah, or a person acting on behalf of or at the direction of, or owned or controlled by, Hizballah. [Click here for further identifying information on the designated individuals.](#)

## **8. OFAC Targets Cuban Support for the Illegitimate Venezuelan Regime**

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has designated Cubametales, the Cuban state-run oil import and export company, for its continued importation of oil from Venezuela. Cuba, in exchange for this oil, continues to provide support, including defense, intelligence, and security assistance, to the illegitimate regime of former President Nicolas Maduro. This action, taken pursuant to Executive Order (E.O.) 13850, as amended, targets the company for operating in the oil sector of the Venezuelan economy. As a result of this action, all property and interests in property of this entity, and of any entities that are owned, directly or indirectly, 50 percent or more by the designated entity, that are in the United States or in the possession or control of U.S. persons are blocked and must be reported to OFAC. OFAC's regulations generally prohibit all dealings by U.S. persons or within (or transiting) the United States that involve any property or interests in property of blocked or designated persons. In addition to the designation of Cubametales, OFAC is delisting PB Tankers S.p.A. (PB Tankers). OFAC designated PB Tankers on April 12, 2019, for operating in the oil sector of the Venezuelan economy. As a part of this designation, six vessels were identified as blocked property in the interest of PB Tankers; one vessel, named the Silver Point, was used to deliver oil products from Venezuela to Cuba. Following the company's designation, PB Tankers terminated its charter agreement with Cubametales, which had chartered the Silver Point to transport oil between Venezuela and Cuba. Likewise, PB Tankers took additional steps to increase scrutiny of its business operations to prevent future sanctionable activity. [Click here for further identifying information.](#)

## **9. President Trump Issues Executive Order on Maximizing Use of American-Made Goods and Materials**

President Donald J. Trump has issued an Executive Order aimed at maximizing the use of the American-made goods and materials. Among other things, the EO requires that within 180 days, the FAR Council shall consider proposing for notice and Public comment:

- An amendment to the applicable provisions in the FAR that would provide that materials shall be considered to be of foreign origin if: (A) for iron and steel end products, the cost of foreign iron and steel used in such iron and steel end products constitutes 5 percent or more of the cost of all the products used in such iron and steel end products; or (B) for all other end products, the cost of the foreign products used in such end products constitutes 45 percent or more of the cost of all the products used in such end products; and
- An amendment to the applicable provisions in the FAR that would provide that the executive agency concerned shall in each instance conduct the reasonableness and public interest determination referred to in 41 U.S.C. §§8302 and 8303, on the basis of the following-described differential formula, subject to the terms thereof: the sum determined by computing 20 percent (for other than small businesses), or 30 percent (for small businesses), of the offer or offered price of materials of foreign origin.

## **10. DoD/DSCA Notifies Congress of Possible FMS to Germany, Greece, and Taipei**



The U.S. Department of Defense's Defense Security Cooperation Agency (DSCA) has notified the Congress of the following possible Foreign Military Sales:

- The Government of Germany has requested to buy fifty (50) Patriot Advanced Capability 3 (PAC-3) Missiles Segment Enhanced (MSE). Also included are PAC-3 MSE launcher conversion kits; Missile Round Trainers (MRTs); Empty Round Trainers (ERTs); Launcher Stations (LS) heater controllers; PAC-3 ground support equipment; concurrent spare parts; documentation and publications; PAC-3 MSE shorting plugs; Quality Assurance Team; missile canister consumables; missile skid kits; PAC-3 MSE repair and return; missile Field Surveillance Program (FSP) for PAC-3 MSE; U.S. Government transportation; MSE launcher spare parts; PAC-3/MSE GMT kits; MSE DC motor kits; targets; Telemetry; U.S. Government range support; MSE flight test support; U.S. Government and contractor engineering; technical and logistics support services; and other related elements of logistical and program support. The total estimated value is \$401 million. The prime contractor will be Lockheed Martin, Dallas, TX. There are no known offset agreements proposed in connection with this potential sale.
- The Government of Greece has requested to buy up to seven (7) MH-60R Multi-Mission Helicopters equipped with ten (10) APS-I 53(V) Multi-Mode Radars (7 installed, 3 spares); eighteen (18) T700 GE-401 C Engines (14 installed, 4 spares); seven (7) Airborne Low Frequency System (ALFS) (7 installed); ten (10) AN/ AAS-44C(V) Multi-Spectral Targeting Systems (7 installed, 3 spares); eighteen (18) Embedded Global Positioning System/Inertial Navigation Systems with Selective Availability/Anti-Spoofing Module (SAASM) (14 installed, 4 spares); one-thousand (1,000) AN/SSQ-36/53/62 Sonobuoys; two (2) AGM-114 M36-E9 Captive Air Training Missiles (CATM); four (4) AGM-114Q Hellfire Training Missiles; one Hundred (100) Advanced Precision Kill Weapons System (APKWS) Rockets; thirty (30) MK 54 Torpedoes; twelve (12) M-2400 Crew Served Guns; and twelve (12) GAU-21 Crew Served Guns. Also included are eighteen (18) AN/ARC-210 APX-1990A(C) Radios with COMSEC (14 installed and 4 spares); twenty-four (24) AN/AVS-9 Night Vision Devices; ten (10) AN/APX-123 Identification Friend or Foe (IFF) transponders (8 installed, 2 spares); spare engine containers; facilities study, design, and construction; spare and repair parts; support and test equipment; communication equipment; ferry support; publications and technical documentation; personnel training and training equipment; U.S. Government and contractor engineering, technical and logistics support services; and other related elements of logistical and program support. The estimated total case value is \$600 million. The principal contractor will be Lockheed Martin Rotary and Mission Systems in Owego, New York. There are no known offset agreements in connection with this potential sale.
- The Taipei Economic and Cultural Representative Office in the United States (TECRO) has requested to buy two hundred fifty (250) Block I -92F MANPAD Stinger missiles and four (4) Block I -92F MANPAD Stinger Fly-to-Buy missiles. Also included is one (1) Captive Flight Trainer (CFT), twenty-three (23) Field Handling Trainers (FHTs), one hundred eight (108) Gripstock Control Groups, one hundred eight (108) Medium Thermal Weapon Sights (MTWS), seven (7) Tracking Head Trainers (THTs), two (2) Sierra Coolant Recharging Units (CRUs), one (1) Missile Go/No Go Test Set, one hundred eight (108) Identification Friend or Foe (IFF), TFF Development, one (1) Integrated Electronic Technical Manuals (IETMs), Government Furnished Equipment, spare and repair parts, telemeters, range and test support, contractor technical support, contractor training, contractor engineering services, contractor logistics services, consolidation, total package fielding, material fielding team, Field Service Representative (FSR), U.S. Government technical support, and other associated equipment and services and other related elements of logistics and program

support. The total estimated program cost is \$223.56 million. The principal contractors will be Raytheon Missile Systems. There are no known offset agreements proposed. However, the purchaser typically requests offsets. Any offset agreement will be defined in negotiations between the purchaser and the contractor.

- The Taipei Economic and Cultural Representative Office in the United States (TECRO) has requested to buy one hundred eight (108) M1A2T Abrams Tanks; one hundred twenty-two (122) M2 Chrysler Mount Machine Guns; two hundred sixteen (216) M240 Machine Guns; fourteen (14) M88A2 HERCULES Vehicles; sixteen (16) M1070A1 Heavy Equipment Transporters (HET); five hundred seventy-two (572) M1002 TPMP-T1 Rounds; three hundred fifty-nine (359) M831A1 HEAT Rounds; and six hundred twenty-one (621) M865 TPCSPS-T2 Rounds, and eight hundred twenty eight (828) M830A1 HEAT Rounds. Also included are sixteen (16) M1000 Heavy Equipment Transporter (HET) Semi-Trailers; sixty four (64) Export Single Channel Ground and Airborne Radio; System (SINCGARS); one hundred eight (108) AN/PSN-13A Defense Advanced; Global Positioning System (GPS) Receiver (DAGR) with Selective-Availability/Anti-Spoofing Module (SAASM); one hundred thirty eight (138); AN/VAS-5B Driver Vision Enhancer (DVE-A) Kits; one hundred eight (108); M250 Smoke Grenade Launchers; fourteen (14) M239 Smoke Grenade Launchers; seven thousand eight hundred sixty-two (7,862) KEW-A1 Rounds; one thousand nine hundred sixty six (1,966) CA38 - Cartridge, 120MM Canister Round; eight hundred sixty four (864) M76 (G826) or L8A1 /L8A3 (G815) Smoke Grenade Rounds; eight hundred twenty eight (828) Insensitive Munitions High Explosive Tracer (IMHE-T) rounds; twenty two (22) sets Dummy CTG, 120mm ArmorPiercing, Fin-Stabilized, Discarding Sabot (CA64); twenty two (22) Dummy Cartridge 120mm Canister M1028; twenty two (22) Dummy M865 TPCSPS-T (C785); FMS export armor; Hunter/Killer technology, Commander's Independent Thermal Viewer (CITV); Common Remotely Operated Weapon Station-Low Profile (CROWS-LP); spare parts; support equipment; AGT-1500 tank engines and X-1100 tank transmissions; depot level support; Government-Furnished Equipment (GFE); repair parts; communication support equipment; communication equipment integration; tools and test equipment; training; training simulators; repair and return program; U.S. Government and contractor engineering, technical, and logistics support services; Technical Assistance Field Team (TAFT); and other related elements of logistics and program support. Additionally, the following recommended basic load ammunition may be included upon request from customer: One hundred fifteen thousand four hundred (115,400) A576 Cartridge, .50 Caliber Linked 4 API/API-T F/M2; one thousand eighty (1,080 ) G815 - Grenade, Smoke Screening L8A1/A3; two million four hundred sixty two thousand four hundred (2,462,400) A131 - Cartridge 7.62MM 4 BALL 1 TRACER; one million two hundred thirty-one thousand two hundred (1,231,200) A111 - Cartridge, 7.62mm Blank M82 Linked; one thousand five hundred twelve (1,512) A541 - 50 Armor Piercing Incendiary, Tracer M20 F/M2; ninety one thousand eight hundred (91,800) A557 - Cartridge, .50 Caliber 4 Ball/1 Tracer Linked M33 F/M2; fifty four thousand (54,000) A598 - Cartridge, .50 Caliber Blank F/M2 (MILES); and four thousand nine hundred sixty eight (4,968) AA38 - Cartridge, .50 Caliber M962 (SLAP); and other related elements of logistics and program support. The total estimated program cost is \$2 billion. The M1A2T tank prime contractor will be General Dynamics Land Systems, Sterling Heights, Michigan. Production will be at Anniston Army Depot, Anniston, Alabama, and the Joint Systems Manufacturing Center, Lima, Ohio. The M88A2 recovery vehicle prime contractor will be BAE, York, Pennsylvania. The M1070A1 Heavy Equipment Transporter (HET) prime contractor will be Oshkosh, Oshkosh, Wisconsin. There are no known offset agreements proposed. However, the purchaser typically requests offsets. Any offset agreement will be defined in negotiations between the purchaser and the contractor.

## **11. DoD/DSCA Updates Security Assistance Management Manual and Policy Memos**

The U.S. Department of Defense's Defense Security Cooperation Agency (DSCA) has made the following updates to its Security Assistance Management Manual (SAMM) and Policy Memorandums:

- DSCA Policy Memo 19-12 Interim Clarification on Methods of Execution under 10 USC § 333 has been posted. This memo clarifies the policy that the case system is the default method for BPC execution and sets forth specific requirements for the provision of direct funding for BPC programs.
- DSCA Policy Memo 19-27 Mandatory Enhanced End-Use Monitoring (EEUM) for Advanced Threat Infrared Countermeasure System has been posted. The Deputy Assistant Secretary of the Army for Defense Exports and Cooperation, recommends ATIRCM systems be designated an EEUM defense article requiring accountability and physical security protections IAW the Golden Sentry program to support Foreign Military Sales to U.S. security partners.

This memo revised Table C8.T4. Defense Articles Designated for EEUM for all FMS-eligible Countries and adds LOA note Advanced Threat Infrared Countermeasures System (ATIRCM) and/or Key ATIRCM Components to Appendix 6: LOA Notes Listing

## **12. DoD/DCSA Posts Notice on DISS Provisioning**

The U.S. Department of Defense's Defense Counterintelligence and Security Agency (DCSA) (formerly Defense Security Service) has posted on its website a notice that beginning August 1, 2019, the Vetting Risk Operations Center will ONLY accept NDAs/SF-312s and CSRs (formally known as RRU in JPAS) through the Defense Information System for Security (DISS). It is imperative that you obtain a DISS account prior to August 1, 2019; to obtain an account please carefully read and follow the DISS JVS Provisioning Instructions located at: [ISS\\_JVS\\_Industry\\_Provisioning\\_Instructions](#).

## **13. Justice Dept. Charges Software Engineer with Taking Stolen Trade Secrets to China**

The U.S. Department of Justice (DOJ) has charged Xudong Yao, also known as "William Yao," 57, with nine counts of theft of trade secrets. Yao is currently at large and believed to be residing in China. According to the indictment, Yao began working for a suburban Chicago locomotive manufacturer in August 2014. Within two weeks of being hired, Yao downloaded more than 3,000 unique electronic files containing proprietary and trade secret information relating to the system that operates the manufacturer's locomotives, the indictment states. During the next six months, Yao downloaded numerous other electronic files containing proprietary and trade secret information, including technical documents and software source code, the indictment states. During the time of this illicit downloading of trade secrets, Yao allegedly simultaneously sought, negotiated, and accepted employment with a business in China that provided automotive telematics service systems. The suburban Chicago manufacturer terminated Yao in February 2015 for reasons unrelated to the alleged theft, which at that time had not been discovered. Shortly thereafter, according to the indictment, Yao made copies of the stolen trade secret information and then traveled to China in July

2015 and began working for the Chinese company. On Nov. 18, 2015, Yao traveled from China to O'Hare International Airport in Chicago, according to the indictment. At the time, he had in his possession the stolen trade secret information, including nine complete copies of the suburban Chicago company's control system source code and the systems specifications that explained how the code worked, the indictment states. Yao returned to China at some point thereafter. The indictment was returned in December 2017 and ordered unsealed July 10, 2019.

#### **14. USTR Announces Product Exclusions from Tariffs on PRC Goods**

(84 Fed. Reg. 32821) - The Office of the U.S. Trade Representative (USTR) has announced additional product exclusions from the increased U.S. tariffs on goods imported from the People's Republic of China as specified in the Annex to the Federal Register notice. The product exclusions announced in this notice apply as of the July 6, 2018 effective date of the \$34 billion action, and will extend for one year after the publication of this notice. U.S. Customs and Border Protection will issue instructions on entry guidance and implementation.

#### **15. USTR Announces Initiation of Section 301 Investigation into France's Digital Services Tax**

On July 10, 2019, the United States Trade Representative (USTR) initiated an investigation under Section 301 of the Trade Act of 1974 of the Digital Services Tax (DST) of the Government of France. The French DST bill would impose a 3% tax on total annual revenues generated by some companies from providing certain digital services to, or aimed at, French users. The tax applies only to companies with total annual revenues from the covered services of at least €750 million globally and €25 million in France. The services covered are ones where U.S. firms are global leaders. The structure of the proposed new tax as well as statements by officials suggest that France is unfairly targeting the tax at certain U.S.-based technology companies. Section 301 and related provisions of the Trade Act (codified as amended in 19 U.S.C. §§ 2411-2417) give the USTR broad authority to investigate and respond to a foreign country's unfair trade practices. USTR will issue a Federal Register Notice providing information on how members of the public may provide their views through written submissions and a public hearing. The United States will continue its efforts with other countries at the OECD to reach a multilateral agreement to address the challenges to the international tax system posed by an increasingly digitized global economy.

#### **16. USTR Pursues Competition-Related Concerns Under the U.S.-Korea Free Trade Agreement**

The Office of the U.S. Trade Representative (USTR) has led formal consultations with the Republic of Korea under the chapter on Competition-Related Matters (Chapter 16) of the United States-Republic of Korea Free Trade Agreement (KORUS). The United States is calling for actions by Korea to improve procedures in competition hearings held by the Korea Fair Trade Commission (KFTC). These shortcomings have denied U.S. parties certain rights, including the opportunity to review and rebut the evidence against them. At issue is Korea's non-compliance with KORUS Article 16.1.3, which states, in relevant part, that a party in an administrative hearing related to competition must "have a reasonable opportunity to... review and rebut the evidence and any other collected information on which the determination may be based." Following extensive efforts to resolve this concern, USTR

requested formal consultations in March of 2019. Michael Beeman, Assistant U.S. Trade Representative for Japan, Korea and APEC led the consultation and called for immediate action by Korea to come into compliance with KORUS. Currently pending amendments to Korea's "Monopoly Regulations and Fair Trade Act" fail to address U.S. concerns that KFTC hearings continue to deny U.S. firms due process rights under the KORUS agreement that are necessary to secure a fair competition hearing in Korea. [Click here](#) for further information in the March 15, 2019, USTR request calling for consultations under the KORUS Competition Chapter.

## **17. Commerce/ITA Seeks New Members for District Export Councils**

(84 Fed. Reg. 32414) - The U.S. Department of Commerce's International Trade Administration (ITA) is seeking nominations of individuals for consideration for appointment by the Secretary of Commerce to serve as members of one of the 61 District Export Councils (DECs) nationwide. DECs are closely affiliated with the U.S. Export Assistance Centers (USEACs) of the U.S. and Foreign Commercial Service (US&FCS), and play a key role in the planning and coordination of export activities in their communities. Nominations for individuals to a DEC must be received by the local USEAC Director by 5:00 PM local time on August 10, 2019.

## **18. Commerce Dept. Seeks Public Comments on State of Counterfeit and Pirated Goods Trafficking**

(84 Fed. Reg. 32861) - The U.S. Department of Commerce is seeking comments from intellectual property rights holders, online third-party marketplaces and other third-party intermediaries, and other private-sector stakeholders on the state of counterfeit and pirated goods trafficking through online third-party marketplaces and recommendations for curbing the trafficking in such counterfeit and pirated goods. All responses to this notice will be shared with interagency teams, and specifically the Department of Homeland Security (DHS), for use in preparing a report for the President as directed by the April 3, 2019 Presidential Memorandum on "Combating Trafficking in Counterfeit and Pirated Goods" (Presidential Memorandum). Commerce must receive comments by 5:00 PM EDT on Monday, July 29, 2019.

## **19. WTO News**

- WTO issues panel reports regarding US measures on Canadian, Mexican steel and aluminium
- WTO issues panel reports regarding Canadian, Mexican duties on US products
- Russia initiates WTO dispute against US dumping duties on steel
- WTO issues second compliance panel report regarding Thai measures on imported cigarettes
- Belarus reaffirms intent to complete WTO accession by next Ministerial Conference

- Follow-up Session begins for 14th Advanced Course on Sanitary and Phytosanitary Measures
- Costa Rica launches safeguard investigation on white sugar
- Trade Policy Review: North Macedonia

## **20. U.S. Government Contracting**

- DoD, GSA & NASA/Federal Acquisition Regulation (FAR): Proposed Rule - Requirements for DD Form 254, Contract Security Classification Specification - Deadline for Public Comment: Sept. 10, 2019
- DoD/Defense Federal Acquisition Regulation Supplement (DFARS): OMB Information Collection Submission - DFARS Part 246, Quality Assurance, and related clauses at 252.246 - Deadline for Public Comment: Sept. 13, 2019
- DoD/Air Force: Notice of Intent To Grant a Partially Exclusive Patent License to S9 Engineering Technology Corp.
- DoD/Army: Final Rule - Repeal of Obsolete Acquisition Regulation - Government Property
- DoD/Army: Final Rule - Repeal of Obsolete Acquisition Regulation - Required Sources of Supplies and Services
- DoD/Army: Final Rule - Repeal of Obsolete Acquisition Regulation -Small Business and Small Disadvantaged Business Concerns
- DoD/Army: Final Rule - Repeal of Obsolete Acquisition Regulation: Solicitation Provisions and Contract Clauses
- DoD/Army: Update to the October 24, 2016 Military Freight Traffic Unified Rules Publication (MFTURP) No. 1
- DoD/Navy: Notice of Intent to Grant License to Axis3
- GSA/General Services Administration Acquisition Regulation (GSAR): OMB Information Collection Submission - Modifications 552.238-81 - Deadline for Public Comment: Aug. 7, 2019

## **21. U.S. Customs and U.S. Census/AES Updates**

- U.S. Customs - Fiscal Year 2020 Tariff-Rate Quota Allocations for Raw Cane Sugar, Refined and Specialty Sugar, and Sugar-Containing Products

- U.S. Customs - Customs Bulletin and Decisions - Vol. 53, July 10, 2019, No. 23

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## **22. Commerce/Enforcement and Compliance and U.S. International Trade Commission Actions and Votes**

- Commerce/E&C - 1-Hydroxyethylidene-1, 1-Diphosphonic Acid From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2016-2018
- Commerce/E&C - Acetone From Belgium, the Republic of Korea, and the Republic of South Africa: Postponement of Preliminary Determinations in the Less- Than-Fair-Value Investigations
- Commerce/E&C - Biodiesel From Argentina: Preliminary Results of Changed Circumstances Reviews of the Antidumping and Countervailing Duty Orders
- Commerce/E&C - Certain Cold-Rolled Steel Flat Products From the Republic of Korea: Affirmative Preliminary Determination of Anti-Circumvention Inquiries on the Antidumping Duty and Countervailing Duty Orders
- Commerce/E&C - Certain Corrosion-Resistant Steel Products From Republic of Korea: Affirmative Preliminary Determination of Anti-Circumvention Inquiries on the Antidumping Duty and Countervailing Duty Orders
- Commerce/E&C - Certain Corrosion-Resistant Steel Products From Taiwan: Affirmative Preliminary Determination of Anti-Circumvention Inquiry on the Antidumping Duty Order
- Commerce/E&C - Certain Fabricated Structural Steel From Canada: Preliminary Negative Countervailing Duty Determination and Alignment of Final Determination With Final Antidumping Duty Determination
- Commerce/E&C - Certain Fabricated Structural Steel From Mexico: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination With Final Antidumping Duty Determination

- Commerce/E&C - Certain Fabricated Structural Steel From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination With Final Antidumping Duty Determination
- Commerce/E&C - Certain Polyester Staple Fiber From the Republic of Korea: Initiation and Preliminary Results of Antidumping Duty Changed Circumstances Review
- Commerce/E&C - Certain Quartz Surface Products From the People's Republic of China: Antidumping and Countervailing Duty Orders
- Commerce/E&C - Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances
- Commerce/E&C - Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Final Affirmative Countervailing Duty Determination, and Final Affirmative Determination of Critical Circumstances
- Commerce/E&C - Citric Acid and Certain Citrate Salts From Canada: Preliminary Results of Antidumping Duty Administrative Review; 2017-2018
- Commerce/E&C - Glycine From the People's Republic of China: Rescission of Antidumping Duty Administrative Review; 2018-2019
- Commerce/E&C - Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes From Mexico: Amended Final Results of Antidumping Duty Administrative Review; 2016-2017
- Commerce/E&C - Low Melt Polyester Staple Fiber From the Republic of Korea: Notice of Initiation and Preliminary Results of Antidumping Duty Changed Circumstances Review
- Commerce/E&C - Magnesium From Israel: Preliminary Affirmative Determination of Sales at Less Than Fair Value, Postponement of Final Determination, and Extension of Provisional Measures
- Commerce/E&C - Mattresses From the People's Republic of China: Amended Preliminary Determination of Sales at Less Than Fair Value
- Commerce/E&C - Non-Malleable Cast Iron Pipe Fittings From the People's Republic of China: Continuation of Antidumping Duty Order
- Commerce/E&C - Stainless Steel Butt-Weld Pipe Fittings From Italy: Rescission of Antidumping Duty Administrative Review; 2018-2019
- Commerce/E&C - Uncovered Innerspring Units From the People's Republic of China, South Africa, and Socialist Republic of Vietnam: Final Results of the Expedited Sunset



## Reviews of the Antidumping Duty Orders

- Commerce/E&C - Initiation of Antidumping and Countervailing Duty Administrative Reviews
- USITC - OMB Information Collection Submission - Miscellaneous Tariff Bill (MTB) Petition System - Deadline for Public Comment: Not stated
- USITC - Certain LED Lighting Devices, LED Power Supplies, and Components Thereof: Commission's Final Determination of No Violation of Section 337 by the Participating Respondents, and Final Determination of a Violation of Section 337 by a Defaulted Respondent; Issuance of a Limited Exclusion Order and a Cease and Desist Order; Termination of the Investigation
- USITC - Polyethylene Terephthalate (PET) Sheet From Korea, Mexico, and Oman: Institution of Anti-Dumping Duty Investigations and Scheduling of Preliminary Phase Investigations
- USITC - Utility Scale Wind Towers From Canada, Indonesia, Korea, and Vietnam: Institution of Anti-Dumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations
- USITC - Government in the Sunshine Act Meeting Notice - July 17, 2019, at 11:00 AM EDT
- USITC - Government in the Sunshine Act Meeting Notice - July 19, 2019, at 11:00 AM EDT

## **23. GAO and CRS Reports, Testimony, and Correspondence of Interest**

- DEFENSE ACQUISITIONS: DOD Needs to Improve How It Communicates the Status of Regulation Changes GAO-19-489: Published: Jul 11, 2019. Publicly Released: Jul 11, 2019.
- GAO WatchBlog: Troubling Trends in DOD's Weapon Programs
- BORDER INFRASTRUCTURE: Actions Needed to Improve Information on Facilities and Capital Planning at Land Border Crossings GAO-19-534: Published: Jul 11, 2019. Publicly Released: Jul 11, 2019.
- CRS - Coup-Related Restrictions in U.S. Foreign Aid Appropriations
- CRS - Iran Sanctions
- CRS - Military Retirement: Background and Recent Developments

- CRS - Zimbabwe: A Continuing Crisis
- CRS - Hypersonic Weapons: Background and Issues for Congress
- CRS - Iraq and U.S. Policy
- CRS - Moldova: An Overview
- CRS - U.S. Trade Debates: Select Disputes and Actions
- CRS - SBA Veterans Assistance Programs: An Analysis of Contemporary Issues
- CRS - The Current State of Federal Information Technology Acquisition Reform and Management
- CRS - Comparing DHS Component Funding, FY2019: In Brief
- CRS - Turkey: Background and U.S. Relations In Brief
- CRS - U.S.-EU Trade and Investment Ties: Magnitude and Scope
- CRS - U.S. Trade Debates: Select Disputes and Actions

## **24. U.S. Government Trade Forms and Other Information Collections Open for Public Comment**

(84 Fed. Reg. 33222) - Agency: U.S. Dept. of Commerce/Bureau of Economic Analysis(BEA) - Title: Quarterly Survey of U.S. Direct Investment Abroad--Transactions of U.S. Reporter With Foreign Affiliate - Agency Form No.: BE-577 - Type of Review: Regular Submission - Deadline for Public Comment: Sept. 10, 2019

(84 Fed. Reg. 32429) - Agency: U.S. Dept. of Defense/Office of the DoD Chief Information Officer - Title: DoD's Defense Industrial Base (DIB) Cybersecurity (CS) Activities Cyber Incident Reporting - Agency Form No.: None - Type of Review: Not stated - Deadline for Public Comment: Sept. 6, 2019

## **Other Headlines**

## **25. U.S. Firms May Get Nod to Restart Huawei Sales in Two-Four Weeks-Official**

Reuters.com, July 14 - The U.S. may approve licenses for companies to re-start new sales to Huawei in as little as two weeks, according to a senior U.S. official, in a sign President Donald Trump's recent effort to ease restrictions on the Chinese company could move forward quickly. Huawei, the world's largest telecommunications equipment maker, was added to a Commerce Department list in May that prohibits U.S. companies from supplying it with new American-made goods and services unless they obtain licenses that will likely be denied. But late last month, after meeting with Chinese president Xi Jinping, President

Donald Trump announced American firms could sell products to Huawei. And in recent days, Commerce Secretary Wilbur Ross said licenses would be issued where there is no threat to national security. Trump's reversal, and rapid implementation by the Commerce Department, suggests chip industry lobbying, coupled with Chinese political pressure, may well reignite U.S. technology sales to Huawei.

## **26. Manufacturers Move Supply Chains Out of China**

Wall Street Journal.com, July 14 - U.S. manufacturers are shifting production to countries outside of China as trade tensions between the world's two biggest economies stretch into a second year. Companies that make Crocs shoes, Yeti beer coolers, Roomba vacuums and GoPro GPRO cameras are producing goods in other countries to avoid U.S. tariffs of as much as 25% on some \$250 billion of imports from China. Apple Inc. also is considering shifting final assembly of some of its devices out of China to avoid U.S. tariffs. Furniture-maker Lovesac Co. is making about 60% of its furniture in China, down from 75% at the start of the year. "We have been shifting production to Vietnam very aggressively," said Shawn Nelson, chief executive of the Stamford, Conn., company. Mr. Nelson said he plans to have no production in China by the end of next year. The moves by U.S. companies add up to a reordering of global manufacturing supply chains as they prepare for an extended period of uneven trade relations. Executives at companies that are moving operations outside China said they expect to keep them that way because of the time and money invested in setting up new facilities and shifting shipping arrangements. Companies said the shifts accelerated after the tariff on many Chinese imports rose to 25% from 10% in May.

## **27. China Says Will Freeze Out U.S. Companies That Sell Arms to Taiwan**

Reuters.com, July 15 - China's government and Chinese companies will cut business ties with U.S. firms selling arms to Taiwan, China's Foreign Ministry said on Monday, declining to give details of the sanctions in a move likely to worsen already poor ties with Washington. China claims self-ruled and democratic Taiwan as its own and has never renounced the use of force to bring it under Beijing's control. China regularly calls Taiwan the most sensitive issue in its relations with the United States. Last week, the Pentagon said the U.S. State Department had approved the sale of the weapons requested by Taiwan, including 108 General Dynamics Corp (GD.N) M1A2T Abrams tanks and 250 Stinger missiles, which are manufactured by Raytheon (RTN.N). China said on Friday it would sanction U.S. companies selling weapons to Taiwan but did not elaborate. The latest deal involves \$2.2 billion worth of tanks, missiles and related equipment for Taiwan. Chinese Foreign Ministry spokesman Geng Shuang said the arms sales were a violation of international law and harmed China's sovereignty and national security.

## **28. Japan, South Korea Spar Over Trade Talks as U.S. Stays Away**

Bloomberg.com, July 13 - Japan and South Korea bickered over the details of rival briefings about export-control talks Saturday as the U.S. backed away from a potential role as a mediator in a fight over history and trade between its two Asian allies. Officials at Japan's Ministry of Economy, Trade and Industry held a press conference at which they denied an assertion from South Korea that it had called for the reversal of tighter export controls in a Friday meeting. Jun Iwamatsu, the director of the trade control policy division, said South Korean officials had gone beyond what the two sides had agreed to tell the media, adding

that the ministry had complained to the South Korean Embassy. The latest flare-up in long fraught ties follows a series of South Korean court decisions ordering the seizure of Japanese corporate assets as compensation for Koreans conscripted to work in factories and mines during the 1910-1945 colonial era. The issue escalated from a regional diplomatic spat to a global trade worry last week after Japan moved to curb the export of specialty materials vital to South Korea's technology sector.

## **29. India Likely to Miss NATO+ Grouping of US Arms Buyers**

HindustanTimes.com, July 12 - The US House of Representatives is scheduled to pass on Friday a defence budget legislation without a provision that would have put major defence purchases intended for India on the same fast-track mechanism that is now used for clearing arms deals for America's NATO allies and a handful of other countries. This will effectively end efforts to catapult India into that category in 2020, as the US Senate's defence bill for the coming fiscal, passed late June, also did not contain that clause. Multiple people involved in the framing and movement of the legislative provision through US Congress attributed the collapse of these efforts, in background interviews, to opposition from the state department and some to the Congress for India's planned purchase of Russian S-400 missile defence systems. "It's disappointing," said one of them, "but we will not give up and try again in 2020 (for the 2021 budget)."

## **30. How Do Americans Feel About US Arms Sales? Not Great.**

DefenseNews.com, July 12 - Congress is still divided on the decision to continue selling weapons to Saudi Arabia, and it turns out the American public feels a similar way. According to a new public opinion poll, 70 percent of Americans oppose arms sales to other nations and see the transactions as a threat to national security. However, when it comes to the U.S.-Saudi relationship, the Chicago Council on Global Affairs found that 50 percent of Americans feel the alliance weakens U.S. national security, while 45 percent say it does more to strengthen national security. "Saudi Arabia has long been viewed as a valuable security partner for US grand strategy in the Middle East. As such, it has received significant military aid and equipment from the United States," the think tank said in its findings. As for opposition to U.S. arms sales in general, the poll found that this view crosses traditional partisan lines: 75 percent of Democrats, 70 percent of Independents and 62 percent of Republicans expressed a lack of safety associated with arms sales. "Overall, 20 percent say arms sales make no difference to US safety, while just 9 percent say they make the US safer," the think tank reported.

## **31. Judge Sides With Pentagon and Amazon in Cloud Bidding Case**

APNews.com, July 12 - A federal judge has dismissed allegations that bidding for a \$10 billion cloud computing contract with the Pentagon was rigged to favor Amazon. Friday's ruling dismissing Oracle's claims clears the Defense Department to award the contract to one of two finalists: Amazon or Microsoft. It will be a boon for whichever company gets to run the 10-year computing project, which the U.S. military considers vital to maintaining its technological advantage over adversaries and accelerating its use of artificial intelligence in warfare. Oracle and IBM were eliminated during an earlier round, but Oracle persisted with a legal challenge claiming conflicts of interest. Court of Federal Claims Judge Eric Bruggink said Friday that Oracle can't demonstrate favoritism because it didn't meet the project's bidding requirements to begin with. Bruggink also sided with a Pentagon contracting officer's

earlier finding that there were no “organizational conflicts of interest” and no individual conflicts that harmed the bidding. Department of Defense spokeswoman Elissa Smith praised the judge’s order, saying it reaffirms the Pentagon’s position that the bidding process “has been conducted as a fair, full and open competition, which the contracting officer and her team executed in compliance with the law.” Smith said the military “has an urgent need” to get the cloud services in place. The Pentagon plans to pick a vendor as soon as Aug. 23.

### **32. Pentagon Races to Track U.S. Rare Earths Output Amid China Trade Dispute**

Reuters.com, July 12 - The Pentagon is rapidly assessing the United States’ rare earths capability in a race to secure stable supply of the specialized material amid the country’s trade conflict with China, which controls the rare earths industry, according to a government document seen by Reuters. The push comes weeks after China threatened to curb exports to the United States of rare earths, a group of 17 minerals used to build fighter jets, tanks and a range of consumer electronics. The Pentagon wants miners to describe plans to develop U.S. rare earths mines and processing facilities, and asked manufacturers to detail their needs for the minerals, according to the document, which is dated June 27. Responses are required by July 31, a short time frame that underscores the Pentagon’s urgency. The U.S. government’s fiscal year ends in September. The U.S. Air Force, which is part of the Pentagon and created the document, confirmed the document’s existence. The Pentagon’s headquarters did not respond to a request for comment. The responses will be reviewed by two government contractors, including Northrop Grumman Corp, which did not respond to requests for comment.

### **33. Defense Department Accelerates Hypersonic Weapons Development**

NationalDefenseMagazine.org, July 11 - A renewed sense of urgency spurred by rivals Russia and China has pushed the U.S. military to speed up the development of hypersonic technology. The Army, Navy and Air Force are all closely involved in the campaign with more test flights coming in 2020. The systems are characterized by their maneuverability and ability to reach speeds of Mach 5 and greater. Michael Griffin, undersecretary of defense for research and engineering, has been an outspoken advocate for hypersonic weapon research and development. “Hypersonic capabilities remain a major department-wide modernization focus, and DoD is accelerating hypersonic systems development and demonstration,” he said in March during testimony before the House Armed Services Committee’s subcommittee on intelligence and emerging threats and capabilities. The Defense Department requested \$2.6 billion toward hypersonics in President Donald Trump’s fiscal year 2020 budget request and is nearly doubling its long-term investments from \$6 billion to \$11.2 billion over the next five years, Griffin noted.

### **34. China, Russia Hypersonic Programs - Real Progress or Bluster?**

NationalDefenseMagazine.org, July 12 - China and Russia’s intention to pursue hypersonic weapons lit a fire under the U.S. military, forcing it to re-invigorate its own programs. But just how far the two rivals have come in their own programs and whether or not they can penetrate the United States’ missile defenses is a matter of debate. Are they behind? Have they caught up? Or are they ahead of the United States when it comes to this disruptive

technology? The answers are opaque, experts said. When the United States began to shift its attention to counterterrorism missions after the Cold War, Russia and China used it as an opportunity to bolster their air and missile portfolios, said Tom Karako, director of the missile defense project at the Center for Strategic and International Studies. "The Cold War ended, and we kind of patted ourselves on the back. And we said, 'Aha, we've got air superiority,'" he said at the Hudson Institute. But Russia and China had begun to adapt, and they've begun to adapt especially with a spectrum of air and missile threats, he added.

### **35. Space Startups See Big Payouts in New Push to the Moon**

Wall Street Journal.com, July 14 - This is a heady time for space entrepreneurs. That's because while the race to build rockets for a return to the moon has been the province of industrial and technology giants, there's plenty of room for startups to get involved in other aspects of this massive undertaking. Indeed, startups are carving out crucial roles in the National Aeronautics and Space Administration's renewed quest to land on—and eventually colonize—the moon, taking on projects from delivering equipment to the surface, to hunting down lunar ice that can be transformed into breathable air and rocket fuel, to 3-D printing huts on the moon. The Trump administration has laid out an ambitious timeline for NASA's so-called Artemis program: land astronauts on the moon by 2024 and establish a "sustained human presence" there by 2028. For space entrepreneurs long obsessed with colonizing the moon, the renewed lunar focus is a godsend. In May, NASA unveiled a request for a \$1.6 billion 2020 budget increase to accelerate human exploration of the moon and to expand commercial partnerships. Still, venture capital may not be as forthcoming, and for many of these startups, the ability to make moon colonization a sustainable business remains a question mark.

### **36. GAO Looks at Where Pentagon Contract Awards End Up**

DefenseNews.com, July 12 - The U.S. government awarded more money in contracts to foreign-owned firms located abroad than U.S.-based subsidiaries of foreign-owned firms, according to a government watchdog. A May 2019 report by the Government Accountability Office analyzed U.S. government contracts during fiscal 2015. In total, the U.S. government awarded \$290.9 billion in contracts; of this, \$12 billion went to firms located outside of the United States, the GAO found. The Department of Defense awarded 80 percent of those contracts awarded to firms out of the country, according to the report. Many of those contracts went toward U.S. military efforts in the individual country. In fiscal 2015, nearly 11,000 defense contracts were awarded for a total of \$9.8 billion. This accounts for 26 percent of all U.S. government contracts to foreign firms. "About a quarter of DOD's \$9.8 billion in aggregate award value were for purchases of fuel, oil, lubricant, and wax. About 9 percent were for education and training services, and about 7 to 8 percent each were for construction of buildings and housekeeping services," the GAO said.

### **37. Opinion: Defense Community Must Help Lower-Tier Suppliers**

NationalsDefenseMagazine.org, July 10 - The American public has witnessed the rollout and christening of the most advance, sophisticated and complex defense systems in the world on a regular basis. The accolades to Boeing, Lockheed Martin, Huntington Ingalls and Electric Boat, to name a few, are certainly well deserved. Without their vision, design and leadership, these marvelous systems would never be fielded. The rollout and commissioning ceremonies are witness to the Who's Who in the defense community and government. When

queried, key executives in these tier 1 companies are the first to acknowledge that none of this would be possible without an immense subcontractor and supplier base, in many cases over 1,000 companies. We do not see them at rollout ceremonies or receiving praise from politicians even though none of this work would be possible without them. Employees in these lower-tiered companies have no idea where their part will end up, for security reasons or for the fact that they are layers below the major defense companies. Yet, the number of suppliers is fewer and fewer with each passing day. This staggering reduction is a major concern to the government and the defense community.

### **38. Opinion: Space Force: What Is It Good For?**

BreakingDefense.com, July 15 - Congress and the Pentagon need to answer this question: what problem is the Space Force trying to solve? While it might seem a straightforward question, it isn't. Not only are there direct questions about how does an independent service for space resolve problems directly challenging US national security space operations and management, experts say. There is an elemental debate inside the military, the Intelligence Community and Congress about the future of warfare and space power's role in it. Unfortunately, the current discussion about the Space Force tend to be more narrowly defined. "When people talk about the current debate they tend to think about this in terms of who's in charge, who's in control — the classic rice bowl debate," says Jamie Morin, vice president of Defense Systems Operations at the Aerospace Corporation. "The focus has been on the 'who's in charge question' and how the different (congressional) committees have different perspectives on that, and the department's proposal's in a different place. But the broader question is still what problem are we solving? And some of the differences in perspective are because different people have different ideas about the problems that we're solving."

### **Upcoming Export Control and Other Trade Compliance Conferences**

**July 19 - Massachusetts Small Business Development Center Network - Managing Export Operations and Compliance - Webinar - 11:30 AM to 1:30 PM EDT - \$50**

**July 23-24 - U.S. Dept. of Homeland Security/U.S. Customs and Border Protection - 2019 Trade Symposium - Chicago - Marriott Marquis Hotel**

**July 23-25 - American Conference Institute - Anti-Corruption Compliance for High Risk Markets - Washington, DC - Kimpton Hotel Palomar**

**July 24-25 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & Missouri District Export Council - Complying with U.S. Export Controls - St. Louis - Eric P. Newman Education Center, 320 South Euclid Avenue**

**July 29-30 - National Customs Brokers & Forgers Association of America, Inc. - GTEC - Global Trade Educational Conference 2019 - Norlin - Hotel Monteleone**

**Aug. 20-21 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & The Southern Ohio District Export Council - Complying with U.S. Export Controls - Cincinnati, OH - Hilton Cincinnati Netherland Plaza Hotel**

**Aug. 20-21 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & Professional Association of Exporters and Importers - Complying with U.S. Export Controls - Milpitas, CA - Crowne Plaza San Jose-Silicon Valley**

**Aug. 22 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & Professional Association of Exporters and Importers - Encryption Controls - Milpitas, CA - Crowne Plaza San Jose-Silicon Valley**

**Sept. 17 - U.S. Dept. of Commerce/U.S.Census Bureau - Automated Commercial Environment (ACE) Exports Compliance Seminar - Chicago**

**Sept. 18-19 - U.S. Dept. Commerce/Bureau of Industry and Security(BIS) & The District Export Council of Southern California - Complying with U.S. Export Controls - Los Angeles - Sheraton Gateway Los Angeles Hotel**

**Sept. 24-25 - 12th Conference on the Foreign Corrupt Practices Act - San Francisco**

**Sept. 25 - American Conference Institute - National Forum on FARA - Washington DC**

**Sept. 25-26 - American Conference Institute - West Coast Conference on FCPA Enforcement and Compliance - San Francisco - Marines' Memorial Club & Hotel**

**Sept. 25-26 - SMi Group - Defence Exports 2019 - Amsterdam - Ramada Apollo Amsterdam Centre Hotel - *Gary Stanley, Editor of Defense and Export-Import Update, will once again chair this important conference.***

**Oct. 2-3 - Canadian Institute - Canadian Forum on Global Economic Sanctions Compliance & Enforcement - Toronto - Sheraton Centre Toronto Hotel**

**Oct. 15 - American Conference Institute - 5th Asia Pacific Summit on Economic Sanctions Compliance and Enforcement - Singapore**

**Oct. 16-17 - American Conference Institute - 8th Asia-Pacific on Anti-Corruption Singapore - Singapore**

**Oct. 22-23 - C5 Group - Anti-Corruption France - Paris**

**Oct. 28-29 - Society for International Affairs - 2019 Fall Advanced Conference - Washington, DC - Marriott Wardman Park Hotel**

**Nov. 12-13 - Nielsonsmith - Customs Compliance in Europe 2019 - Düsseldorf, Germany**

**Nov. 20-21 - Nielsonsmith - The European Anti-Corruption Summit - Munich, Germany**

**Dec. 4-5 - American Conference Institute - 36th International Conference on the Foreign Corrupt Practices Act - Washington, DC**

**Dec. 10-11 - American Conference Institute - 10th Annual New York Forum on Economic Sanctions - New York City**

**Jan. 23-24 - American Conference Institute - AML & OFAC Compliance for the Insurance Industry - New York City**

**Jan. 30-31 - American Conference Institute - 14th Forum on the Foreign Corrupt Practices Act - Houston**

**Feb. 5-6 - Nielsonsmith - Export Compliance in Europe - Munich, Germany**

**Feb. 11-12 - Nielsonsmith - European, EU and EU Member State Trade Controls Compliance for North American Companies Summit - Washington, DC**

**Feb. 24-26 - Society for International Affairs - 2020 Winter Back to Basics Conference - Las Vegas - Westin Las Vegas Hotel**

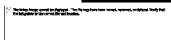
We hope this update proves helpful. If you have questions about any of these developments, please do not hesitate to call us. If you received this free newsletter from a colleague or friend and would like to subscribe directly, please just e-mail your name, title, company, and e-mail address to [gstanley@glstrade.com](mailto:gstanley@glstrade.com).

Cordially yours,

Gary L. Stanley  
President  
Global Legal Services, PC

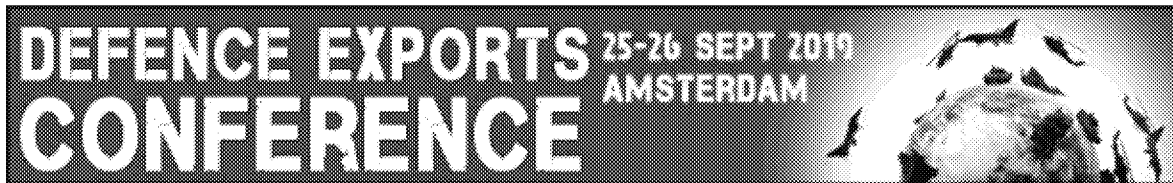


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**From:** Gary Stanley [REDACTED]@glstrade.com]  
**Sent:** 7/16/2019 2:46:51 AM  
**To:** Nazak Nikakhtar [Nazak.Nikakhtar@bis.doc.gov]  
**Subject:** Defense and Export-Import Update (July 15, 2019)



**Dear All,**  
**Good Day!**

**Gary Stanley's ECR Tip of the Day:** To support a license application for an item subject to missile technology export controls or when the item to be exported will be used in a missile project or program, the information provided with your application should include technical specifications or brochures on the items you wish to export. Information that substantiates the legitimate activities of the end-user should be supplied as well. You should also include import or end-user certificates if the item is also subject to national security controls. For items to be used in a missile project or program, at a minimum, always specify the maximum capable range and payload of the delivery system or launch vehicle. Any information regarding the specific project or program should be provided; note if there is any U.S Government funding or oversight involved. You can also include open source information from Web sites, marketing brochures, etc. All of this information will assist licensing officers in their evaluation, determination, and licensing recommendations for the case. Including this information could prevent potential delays in the processing of the case and avoid a return of the application without action. The documentation requirements for export license applications are explained in detail in Part 748 of the EAR.

**Today's Items:**

- 1. DDTC Changes DTCC Registration Name**
- 2. DDTC Posts Four New Name/Address Changes Notices**
- 3. BIS Posts Presentations from BIS 2019 Update Conference**
- 4. BIS Reaches Settlement Agreement with Two Iranian-American Individuals and an Iranian Co.**
- 5. Two Mitsubishi Units Settle Antiboycott Charges**
- 6. OFAC Sanctions Venezuela's Military Counterintelligence Agency Following the Death of a Venezuelan Navy Captain**
- 7. OFAC Targets Iranian-Backed Hizballah Officials for Exploiting Lebanon's Political and Financial System**
- 8. OFAC Targets Cuban Support for the Illegitimate Venezuelan Regime**
- 9. President Trump Issues Executive Order on Maximizing Use of American-Made Goods and Materials**
- 10. DoD/DSCA Notifies Congress of Possible FMS to Germany, Greece, and Taipei**
- 11. DoD/DSCA Updates Security Assistance Management Manual and Policy Memos**

- 12. DoD/DCSA Posts Notice on DISS Provisioning**
- 13. Justice Dept. Charges Software Engineer with Taking Stolen Trade Secrets to China**
- 14. USTR Announces Product Exclusions from Tariffs on PRC Goods**
- 15. USTR Announces Initiation of Section 301 Investigation into France's Digital Services Tax**
- 16. USTR Pursues Competition-Related Concerns Under the U.S.-Korea Free Trade Agreement**
- 17. Commerce/ITA Seeks New Members for District Export Councils**
- 18. Commerce Dept. Seeks Public Comments on State of Counterfeit and Pirated Goods Trafficking**
- 19. WTO News**
- 20. U.S. Government Contracting**
- 21. U.S. Customs and U.S. Census/AES Updates**
- 22. Commerce/Enforcement and Compliance and U.S. International Trade Commission Actions and Votes**
- 23. GAO and CRS Reports, Testimony, and Correspondence of Interest**
- 24. U.S. Government Trade Forms and Other Information Collections Open for Public Comment**

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- 38. Opinion: Space Force: What Is It Good For?**

#### **Upcoming Export Control and Other Trade Compliance Conferences**

- 1. DDTC Changes DTCC Registration Name**

The U.S. Department of State's Directorate of Defense Trade Controls (DDTC) has posted on its website a notice that Effective July 15, 2019, the Registration division's name within the Office of Defense Trade Controls Compliance (DTCC) will change to the Registration Compliance & Analysis (RCA) division. There is no change to the Registration organization structure. All registration letters issued on and after July 15, 2019 ,will reflect the RCA division. All active registration letters issued before July 15, 2019, will remain valid and no changes are required. Updates to the DDTC Website will also occur on July 15, 2019, to be consistent with this DTCC/Registration name change.

## **2. DDTC Posts Four New Name/Address Change Announcements**

The U.S. Department of State's Directorate of Defense Trade Controls (DDTC) has posted on its website the following four new name/address change announcements:

- Singapore Technologies to ST Engineering Name Changes
- BAE Systems Global Combat Systems Ltd to Rheinmetall BAE Systems Land Limited Name Change
- Harris Systems Limited Address Change
- Spezialtechnik Dresden GmbH Name and Address Change

## **3. BIS Posts Presentations from BIS 2019 Update Conference**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has posted on its website the following presentations from its BIS 2019 Update Conference held July 9-11, 2019, in Washington, DC:

<ul style="list-style-type: none"><li>• 600 Series</li><li>• Air and Space -- BIS</li><li>• Air and Space -- NASA</li><li>• Air and Space -- NOAA</li><li>• Census -- ACE Export Reports</li><li>• Census -- Global Market Finder</li><li>• CFIUS -- BIS</li><li>• CFIUS -- ITA</li><li>• Compliance -- BIS</li></ul>	<ul style="list-style-type: none"><li>• Compliance -- DDTC Compliance Program</li><li>• Compliance -- OFAC</li><li>• Deemed Exports</li><li>• Encryption</li><li>• Freight Forwarders and Routed Transactions</li><li>• Proscribed Parties and Catch-All Controls</li><li>• Regulatory Update</li><li>• Sanctions</li><li>• Section 232</li></ul>
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#### **4. BIS Reaches Settlement Agreement with Two Iranian-American Individuals and an Iranian Co.**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that Pouran Aazad, a.k.a. Pouran Azad, a.k.a. Pourandokt Aazad, a.k.a. Pourandokt Azad ("Aazad"), Sadr Emad-Vaez, a.k.a. Seid Sadredin Emad Vaez ("Emad-Vaez"), both of Palo Alto, Hills, California, and Ghareh Sabz Co., a.k.a. Ohare Sabz Co., a.k.a. GHS Technology ("Ghareh Sabz Co.") of Tehran, Iran, have jointly and severally agreed to pay a civil penalty of \$300,000 and to have their export privileges denied for ten years to settle charges that they committed one violation of EAR § 764.2 (Conspiracy to to export an item from the United States to Iran without the required U.S. Government authorization). Beginning as early as in or around November 2012, continuing at least until on or about April 26, 2013, Aazad, Emad-Vaez, and Ghareh Sabz Co. conspired and acted in concert with others, known and unknown, to evade the longstanding and well-known U.S. embargo against Iran by purchasing a U.S.origin micro-drill press for export to Iran and causing the export of this item to Iran, via transshipment through the United Arab Emirates ("UAE"), without the required U.S. Government authorization. [Click here for the Settlement Agreement and related documentation.](#)

#### **5. Two Mitsubishi Units Settle Antiboycott Charges**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced the settlement of the following antiboycott cases:

- Mitsubishi International Corporation (MIC) has agreed to pay a civil penalty of \$5,000 to settle charges that it committed one violation of EAR § 760.2(d) (Furnishing information about business relationships with boycotted countries or blacklisted persons) and two violations of EAR § 760.5 (Failing to report the receipt of a request to engage in a restrictive trade practice or foreign boycott against a country friendly to the United States). These violations took place during the period June 2013 through January 2014, MIC engaged in transactions involving the sale and/or transfer of goods and services (including information) from the United States to Bahrain and Oman, activities in the interstate or foreign commerce of the United States, as defined in EAR § 760.1(d). [Click here for the Settlement Agreement and related documentation.](#)
- Mitsubishi International PolymerTrade Corporation (MIP) has agreed to pay a civil penalty of \$15,000 to settle charges that it committed to violations of EAR § 760.2(d) (Furnishing information about business relationships with boycotted countries or blacklisted persons) and nine violations of EAR § 760.5 (Failing to report the receipt of a request to engage in a restrictive trade practice or foreign boycott against a country friendly to the United States). These violations took place during the period April 2014 through March 2015 when MIP engaged in transactions involving the sale and/or transfer of goods or services (including information) from the United States to Oman and the United Arab Emirates, activities in the interstate or foreign commerce of the United States, as defined in EAR § 760.1(d). [Click here for the Settlement Agreement and related documentation.](#)

#### **6. OFAC Sanctions Venezuela's Military Counterintelligence Agency Following the Death of a Venezuelan Navy Captain**

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has designated the Government of Venezuela's General Directorate of Military Counterintelligence, or La Dirección General de Contrainteligencia Militar, most commonly known as the DGCIM. This action, taken pursuant to Executive Order (E.O.) 13850, as amended, targets the DGCIM for operating in Venezuela's defense and security sector. On June 21, 2019, the DGCIM detained Navy Captain Rafael Acosta Arévalo, claiming he was involved in a plot to assassinate Maduro. When Acosta was next seen publicly at his hearing seven days later, he showed signs of physical abuse, including being in a wheelchair, and he was unable to speak. On June 29, Captain Acosta died. On July 5, 2019, the UN Office of the High Commissioner for Human Rights released a report that detailed methods used by the DGCIM to extract information and confessions, intimidate, and punish detainees. Earlier reports by the Organization of American States and Human Rights Watch, among other organizations, have also detailed the DGCIM's brutality and use of torture. As a result of this action, all property and interests in property of this entity, and of any entities that are owned, directly or indirectly, 50 percent or more by this entity, that are in the United States or in the possession or control of U.S. persons are blocked and must be reported to OFAC. OFAC's regulations generally prohibit all dealings by U.S. persons or within (or transiting) the United States that involve any property or interests in property of blocked or designated persons.

## **7. OFAC Targets Iranian-Backed Hizballah Officials for Exploiting Lebanon's Political and Financial System**

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has designated key Hizballah political and security figures leveraging their privileged positions to facilitate Hizballah's malign agenda and do Iran's bidding. Specifically, OFAC designated Hizballah Members of Parliament Amin Sherri and Muhammad Hasan Ra'd, and Hizballah security official Wafiq Safa, for acting for or on behalf of Hizballah. These individuals were designated under Executive Order (E.O.) 13224, which targets terrorists and those providing support to terrorists or acts of terrorism. As a result of these actions, all property and interests in property of these targets that are in the United States or in the possession or control of U.S. persons must be blocked and reported to OFAC. OFAC's regulations generally prohibit all dealings by U.S. persons or within the United States (including transactions transiting the United States) that involve any property or interests in property of blocked or designated persons. In addition, persons that engage in certain transactions with the individuals and entities designated today may themselves be exposed to sanctions or subject to an enforcement action. Furthermore, the three designated individuals are subject to secondary sanctions pursuant to the Hizballah Financial Sanctions Regulations, which implements the Hizballah International Financing Prevention Act of 2015, as amended by the Hizballah International Financing Prevention Amendments Act of 2018. Pursuant to this authority, OFAC can prohibit or impose strict conditions on the opening or maintaining in the United States of a correspondent account or a payable-through account by a foreign financial institution that knowingly facilitates a significant transaction for Hizballah, or a person acting on behalf of or at the direction of, or owned or controlled by, Hizballah. [Click here for further identifying information on the designated individuals.](#)

## **8. OFAC Targets Cuban Support for the Illegitimate Venezuelan Regime**

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has designated Cubametales, the Cuban state-run oil import and export company, for its continued importation of oil from Venezuela. Cuba, in exchange for this oil, continues to provide support, including defense, intelligence, and security assistance, to the illegitimate regime of former President Nicolas Maduro. This action, taken pursuant to Executive Order (E.O.) 13850, as amended, targets the company for operating in the oil sector of the Venezuelan economy. As a result of this action, all property and interests in property of this entity, and of any entities that are owned, directly or indirectly, 50 percent or more by the designated entity, that are in the United States or in the possession or control of U.S. persons are blocked and must be reported to OFAC. OFAC's regulations generally prohibit all dealings by U.S. persons or within (or transiting) the United States that involve any property or interests in property of blocked or designated persons. In addition to the designation of Cubametales, OFAC is delisting PB Tankers S.p.A. (PB Tankers). OFAC designated PB Tankers on April 12, 2019, for operating in the oil sector of the Venezuelan economy. As a part of this designation, six vessels were identified as blocked property in the interest of PB Tankers; one vessel, named the Silver Point, was used to deliver oil products from Venezuela to Cuba. Following the company's designation, PB Tankers terminated its charter agreement with Cubametales, which had chartered the Silver Point to transport oil between Venezuela and Cuba. Likewise, PB Tankers took additional steps to increase scrutiny of its business operations to prevent future sanctionable activity. [Click here for further identifying information.](#)

## **9. President Trump Issues Executive Order on Maximizing Use of American-Made Goods and Materials**

President Donald J. Trump has issued an Executive Order aimed at maximizing the use of the American-made goods and materials. Among other things, the EO requires that within 180 days, the FAR Council shall consider proposing for notice and Public comment:

- An amendment to the applicable provisions in the FAR that would provide that materials shall be considered to be of foreign origin if: (A) for iron and steel end products, the cost of foreign iron and steel used in such iron and steel end products constitutes 5 percent or more of the cost of all the products used in such iron and steel end products; or (B) for all other end products, the cost of the foreign products used in such end products constitutes 45 percent or more of the cost of all the products used in such end products; and
- An amendment to the applicable provisions in the FAR that would provide that the executive agency concerned shall in each instance conduct the reasonableness and public interest determination referred to in 41 U.S.C. §§8302 and 8303, on the basis of the following-described differential formula, subject to the terms thereof: the sum determined by computing 20 percent (for other than small businesses), or 30 percent (for small businesses), of the offer or offered price of materials of foreign origin.

## **10. DoD/DSCA Notifies Congress of Possible FMS to Germany, Greece, and Taipei**

The U.S. Department of Defense's Defense Security Cooperation Agency (DSCA) has notified the Congress of the following possible Foreign Military Sales:

- The Government of Germany has requested to buy fifty (50) Patriot Advanced Capability 3 (PAC-3) Missiles Segment Enhanced (MSE). Also included are PAC-3 MSE launcher conversion kits; Missile Round Trainers (MRTs); Empty Round Trainers (ERTs); Launcher Stations (LS) heater controllers; PAC-3 ground support equipment; concurrent spare parts; documentation and publications; PAC-3 MSE shorting plugs; Quality Assurance Team; missile canister consumables; missile skid kits; PAC-3 MSE repair and return; missile Field Surveillance Program (FSP) for PAC-3 MSE; U.S. Government transportation; MSE launcher spare parts; PAC-3/MSE GMT kits; MSE DC motor kits; targets; Telemetry; U.S. Government range support; MSE flight test support; U.S. Government and contractor engineering; technical and logistics support services; and other related elements of logistical and program support. The total estimated value is \$401 million. The prime contractor will be Lockheed Martin, Dallas, TX. There are no known offset agreements proposed in connection with this potential sale.
- The Government of Greece has requested to buy up to seven (7) MH-60R Multi-Mission Helicopters equipped with ten (10) APS-I 53(V) Multi-Mode Radars (7 installed, 3 spares); eighteen (18) T700 GE-401 C Engines (14 installed, 4 spares); seven (7) Airborne Low Frequency System (ALFS) (7 installed); ten (10) AN/ AAS-44C(V) Multi-Spectral Targeting Systems (7 installed, 3 spares); eighteen (18) Embedded Global Positioning System/Inertial Navigation Systems with Selective Availability/Anti-Spoofing Module (SAASM) (14 installed, 4 spares); one-thousand (1,000) AN/SSQ-36/53/62 Sonobuoys; two (2) AGM-114 M36-E9 Captive Air Training Missiles (CATM); four (4) AGM-114Q Hellfire Training Missiles; one Hundred (100) Advanced Precision Kill Weapons System (APKWS) Rockets; thirty (30) MK 54 Torpedoes; twelve (12) M-2400 Crew Served Guns; and twelve (12) GAU-21 Crew Served Guns. Also included are eighteen (18) AN/ARC-210 APX-1990A(C) Radios with COMSEC (14 installed and 4 spares); twenty-four (24) AN/AVS-9 Night Vision Devices; ten (10) AN/APX-123 Identification Friend or Foe (IFF) transponders (8 installed, 2 spares); spare engine containers; facilities study, design, and construction; spare and repair parts; support and test equipment; communication equipment; ferry support; publications and technical documentation; personnel training and training equipment; U.S. Government and contractor engineering, technical and logistics support services; and other related elements of logistical and program support. The estimated total case value is \$600 million. The principal contractor will be Lockheed Martin Rotary and Mission Systems in Owego, New York. There are no known offset agreements in connection with this potential sale.
- The Taipei Economic and Cultural Representative Office in the United States (TECRO) has requested to buy two hundred fifty (250) Block I -92F MANPAD Stinger missiles and four (4) Block I -92F MANPAD Stinger Fly-to-Buy missiles. Also included is one (1) Captive Flight Trainer (CFT), twenty-three (23) Field Handling Trainers (FHTs), one hundred eight (108) Gripstock Control Groups, one hundred eight (108) Medium Thermal Weapon Sights (MTWS), seven (7) Tracking Head Trainers (THTs), two (2) Sierra Coolant Recharging Units (CRUs), one (1) Missile Go/No Go Test Set, one hundred eight (108) Identification Friend or Foe (IFF), TFF Development, one (1) Integrated Electronic Technical Manuals (IETMs), Government Furnished Equipment, spare and repair parts, telemeters, range and test support, contractor technical support, contractor training, contractor engineering services, contractor logistics services, consolidation, total package fielding, material fielding team, Field Service Representative (FSR), U.S. Government technical support, and other associated equipment and services and other related elements of logistics and program support. The total estimated program cost is \$223.56 million. The principal contractors will be Raytheon Missile Systems. There are no known offset agreements proposed. However,



the purchaser typically requests offsets. Any offset agreement will be defined in negotiations between the purchaser and the contractor.

- The Taipei Economic and Cultural Representative Office in the United States (TECRO) has requested to buy one hundred eight (108) M1A2T Abrams Tanks; one hundred twenty-two (122) M2 Chrysler Mount Machine Guns; two hundred sixteen (216) M240 Machine Guns; fourteen (14) M88A2 HERCULES Vehicles; sixteen (16) M1070A1 Heavy Equipment Transporters (HET); five hundred seventy-two (572) M1002 TPMP-T1 Rounds; three hundred fifty-nine (359) M831A1 HEAT Rounds; and six hundred twenty-one (621) M865 TPCSPS-T2 Rounds, and eight hundred twenty eight (828) M830A1 HEAT Rounds. Also included are sixteen (16) M1000 Heavy Equipment Transporter (HET) Semi-Trailers; sixty four (64) Export Single Channel Ground and Airborne Radio; System (SINCGARS); one hundred eight (108) AN/PSN-13A Defense Advanced; Global Positioning System (GPS) Receiver (DAGR) with Selective-Availability/Anti-Spoofing Module (SAASM); one hundred thirty eight (138); AN/VAS-5B Driver Vision Enhancer (DVE-A) Kits; one hundred eight (108); M250 Smoke Grenade Launchers; fourteen (14) M239 Smoke Grenade Launchers; seven thousand eight hundred sixty-two (7,862) KEW-A1 Rounds; one thousand nine hundred sixty six (1,966) CA38 - Cartridge, 120MM Canister Round; eight hundred sixty four (864) M76 (G826) or L8A1 /L8A3 (G815) Smoke Grenade Rounds; eight hundred twenty eight (828) Insensitive Munitions High Explosive Tracer (IMHE-T) rounds; twenty two (22) sets Dummy CTG, 120mm ArmorPiercing, Fin-Stabilized, Discarding Sabot (CA64); twenty two (22) Dummy Cartridge 120mm Canister M1028; twenty two (22) Dummy M865 TPCSPS-T (C785); FMS export armor; Hunter/Killer technology, Commander's Independent Thermal Viewer (CITV); Common Remotely Operated Weapon Station-Low Profile (CROWS-LP); spare parts; support equipment; AGT-1500 tank engines and X-1100 tank transmissions; depot level support; Government-Furnished Equipment (GFE); repair parts; communication support equipment; communication equipment integration; tools and test equipment; training; training simulators; repair and return program; U.S. Government and contractor engineering, technical, and logistics support services; Technical Assistance Field Team (TAFT); and other related elements of logistics and program support. Additionally, the following recommended basic load ammunition may be included upon request from customer: One hundred fifteen thousand four hundred (115,400) A576 Cartridge, .50 Caliber Linked 4 API/API-T F/M2; one thousand eighty (1,080 ) G815 - Grenade, Smoke Screening L8A1/A3; two million four hundred sixty two thousand four hundred (2,462,400) A131 - Cartridge 7.62MM 4 BALL 1 TRACER; one million two hundred thirty-one thousand two hundred (1,231,200) A111 - Cartridge, 7.62mm Blank M82 Linked; one thousand five hundred twelve (1,512) A541 - 50 Armor Piercing Incendiary, Tracer M20 F/M2; ninety one thousand eight hundred (91,800) A557 - Cartridge, .50 Caliber 4 Ball/1 Tracer Linked M33 F/M2; fifty four thousand (54,000) A598 - Cartridge, .50 Caliber Blank F/M2 (MILES); and four thousand nine hundred sixty eight (4,968) AA38 - Cartridge, .50 Caliber M962 (SLAP); and other related elements of logistics and program support. The total estimated program cost is \$2 billion. The M1A2T tank prime contractor will be General Dynamics Land Systems, Sterling Heights, Michigan. Production will be at Anniston Army Depot, Anniston, Alabama, and the Joint Systems Manufacturing Center, Lima, Ohio. The M88A2 recovery vehicle prime contractor will be BAE, York, Pennsylvania. The M1070A1 Heavy Equipment Transporter (HET) prime contractor will be Oshkosh, Oshkosh, Wisconsin. There are no known offset agreements proposed. However, the purchaser typically requests offsets. Any offset agreement will be defined in negotiations between the purchaser and the contractor.

## **11. DoD/DSCA Updates Security Assistance Management Manual and Policy Memos**

The U.S. Department of Defense's Defense Security Cooperation Agency (DSCA) has made the following updates to its Security Assistance Management Manual (SAMM) and Policy Memorandums:

- DSCA Policy Memo 19-12 Interim Clarification on Methods of Execution under 10 USC § 333 has been posted. This memo clarifies the policy that the case system is the default method for BPC execution and sets forth specific requirements for the provision of direct funding for BPC programs.
- DSCA Policy Memo 19-27 Mandatory Enhanced End-Use Monitoring (EEUM) for Advanced Threat Infrared Countermeasure System has been posted. The Deputy Assistant Secretary of the Army for Defense Exports and Cooperation, recommends ATIRCM systems be designated an EEUM defense article requiring accountability and physical security protections IAW the Golden Sentry program to support Foreign Military Sales to U.S. security partners.

This memo revised Table C8.T4. Defense Articles Designated for EEUM for all FMS-eligible Countries and adds LOA note Advanced Threat Infrared Countermeasures System (ATIRCM) and/or Key ATIRCM Components to Appendix 6: LOA Notes Listing

## **12. DoD/DCSA Posts Notice on DISS Provisioning**

The U.S. Department of Defense's Defense Counterintelligence and Security Agency (DCSA) (formerly Defense Security Service) has posted on its website a notice that beginning August 1, 2019, the Vetting Risk Operations Center will ONLY accept NDAs/SF-312s and CSRs (formally known as RRU in JPAS) through the Defense Information System for Security (DISS). It is imperative that you obtain a DISS account prior to August 1, 2019; to obtain an account please carefully read and follow the DISS JVS Provisioning Instructions located at: [ISS\\_JVS\\_Industry\\_Provisioning\\_Instructions](#).

## **13. Justice Dept. Charges Software Engineer with Taking Stolen Trade Secrets to China**

The U.S. Department of Justice (DOJ) has charged Xudong Yao, also known as "William Yao," 57, with nine counts of theft of trade secrets. Yao is currently at large and believed to be residing in China. According to the indictment, Yao began working for a suburban Chicago locomotive manufacturer in August 2014. Within two weeks of being hired, Yao downloaded more than 3,000 unique electronic files containing proprietary and trade secret information relating to the system that operates the manufacturer's locomotives, the indictment states. During the next six months, Yao downloaded numerous other electronic files containing proprietary and trade secret information, including technical documents and software source code, the indictment states. During the time of this illicit downloading of trade secrets, Yao allegedly simultaneously sought, negotiated, and accepted employment with a business in China that provided automotive telematics service systems. The suburban Chicago manufacturer terminated Yao in February 2015 for reasons unrelated to the alleged theft, which at that time had not been discovered. Shortly thereafter, according to the indictment, Yao made copies of the stolen trade secret information and then traveled to China in July

2015 and began working for the Chinese company. On Nov. 18, 2015, Yao traveled from China to O'Hare International Airport in Chicago, according to the indictment. At the time, he had in his possession the stolen trade secret information, including nine complete copies of the suburban Chicago company's control system source code and the systems specifications that explained how the code worked, the indictment states. Yao returned to China at some point thereafter. The indictment was returned in December 2017 and ordered unsealed July 10, 2019.

#### **14. USTR Announces Product Exclusions from Tariffs on PRC Goods**

(84 Fed. Reg. 32821) - The Office of the U.S. Trade Representative (USTR) has announced additional product exclusions from the increased U.S. tariffs on goods imported from the People's Republic of China as specified in the Annex to the Federal Register notice. The product exclusions announced in this notice apply as of the July 6, 2018 effective date of the \$34 billion action, and will extend for one year after the publication of this notice. U.S. Customs and Border Protection will issue instructions on entry guidance and implementation.

#### **15. USTR Announces Initiation of Section 301 Investigation into France's Digital Services Tax**

On July 10, 2019, the United States Trade Representative (USTR) initiated an investigation under Section 301 of the Trade Act of 1974 of the Digital Services Tax (DST) of the Government of France. The French DST bill would impose a 3% tax on total annual revenues generated by some companies from providing certain digital services to, or aimed at, French users. The tax applies only to companies with total annual revenues from the covered services of at least €750 million globally and €25 million in France. The services covered are ones where U.S. firms are global leaders. The structure of the proposed new tax as well as statements by officials suggest that France is unfairly targeting the tax at certain U.S.-based technology companies. Section 301 and related provisions of the Trade Act (codified as amended in 19 U.S.C. §§ 2411-2417) give the USTR broad authority to investigate and respond to a foreign country's unfair trade practices. USTR will issue a Federal Register Notice providing information on how members of the public may provide their views through written submissions and a public hearing. The United States will continue its efforts with other countries at the OECD to reach a multilateral agreement to address the challenges to the international tax system posed by an increasingly digitized global economy.

#### **16. USTR Pursues Competition-Related Concerns Under the U.S.-Korea Free Trade Agreement**

The Office of the U.S. Trade Representative (USTR) has led formal consultations with the Republic of Korea under the chapter on Competition-Related Matters (Chapter 16) of the United States-Republic of Korea Free Trade Agreement (KORUS). The United States is calling for actions by Korea to improve procedures in competition hearings held by the Korea Fair Trade Commission (KFTC). These shortcomings have denied U.S. parties certain rights, including the opportunity to review and rebut the evidence against them. At issue is Korea's non-compliance with KORUS Article 16.1.3, which states, in relevant part, that a party in an administrative hearing related to competition must "have a reasonable opportunity to... review and rebut the evidence and any other collected information on which the determination may be based." Following extensive efforts to resolve this concern, USTR

requested formal consultations in March of 2019. Michael Beeman, Assistant U.S. Trade Representative for Japan, Korea and APEC led the consultation and called for immediate action by Korea to come into compliance with KORUS. Currently pending amendments to Korea's "Monopoly Regulations and Fair Trade Act" fail to address U.S. concerns that KFTC hearings continue to deny U.S. firms due process rights under the KORUS agreement that are necessary to secure a fair competition hearing in Korea. [Click here](#) for further information in the March 15, 2019, USTR request calling for consultations under the KORUS Competition Chapter.

## **17. Commerce/ITA Seeks New Members for District Export Councils**

(84 Fed. Reg. 32414) - The U.S. Department of Commerce's International Trade Administration (ITA) is seeking nominations of individuals for consideration for appointment by the Secretary of Commerce to serve as members of one of the 61 District Export Councils (DECs) nationwide. DECs are closely affiliated with the U.S. Export Assistance Centers (USEACs) of the U.S. and Foreign Commercial Service (US&FCS), and play a key role in the planning and coordination of export activities in their communities. Nominations for individuals to a DEC must be received by the local USEAC Director by 5:00 PM local time on August 10, 2019.

## **18. Commerce Dept. Seeks Public Comments on State of Counterfeit and Pirated Goods Trafficking**

(84 Fed. Reg. 32861) - The U.S. Department of Commerce is seeking comments from intellectual property rights holders, online third-party marketplaces and other third-party intermediaries, and other private-sector stakeholders on the state of counterfeit and pirated goods trafficking through online third-party marketplaces and recommendations for curbing the trafficking in such counterfeit and pirated goods. All responses to this notice will be shared with interagency teams, and specifically the Department of Homeland Security (DHS), for use in preparing a report for the President as directed by the April 3, 2019 Presidential Memorandum on "Combating Trafficking in Counterfeit and Pirated Goods" (Presidential Memorandum). Commerce must receive comments by 5:00 PM EDT on Monday, July 29, 2019.

## **19. WTO News**

- WTO issues panel reports regarding US measures on Canadian, Mexican steel and aluminium
- WTO issues panel reports regarding Canadian, Mexican duties on US products
- Russia initiates WTO dispute against US dumping duties on steel
- WTO issues second compliance panel report regarding Thai measures on imported cigarettes
- Belarus reaffirms intent to complete WTO accession by next Ministerial Conference

- Follow-up Session begins for 14th Advanced Course on Sanitary and Phytosanitary Measures
- Costa Rica launches safeguard investigation on white sugar
- Trade Policy Review: North Macedonia

## **20. U.S. Government Contracting**

- DoD, GSA & NASA/Federal Acquisition Regulation (FAR): Proposed Rule - Requirements for DD Form 254, Contract Security Classification Specification - Deadline for Public Comment: Sept. 10, 2019
- DoD/Defense Federal Acquisition Regulation Supplement (DFARS): OMB Information Collection Submission - DFARS Part 246, Quality Assurance, and related clauses at 252.246 - Deadline for Public Comment: Sept. 13, 2019
- DoD/Air Force: Notice of Intent To Grant a Partially Exclusive Patent License to S9 Engineering Technology Corp.
- DoD/Army: Final Rule - Repeal of Obsolete Acquisition Regulation - Government Property
- DoD/Army: Final Rule - Repeal of Obsolete Acquisition Regulation - Required Sources of Supplies and Services
- DoD/Army: Final Rule - Repeal of Obsolete Acquisition Regulation -Small Business and Small Disadvantaged Business Concerns
- DoD/Army: Final Rule - Repeal of Obsolete Acquisition Regulation: Solicitation Provisions and Contract Clauses
- DoD/Army: Update to the October 24, 2016 Military Freight Traffic Unified Rules Publication (MFTURP) No. 1
- DoD/Navy: Notice of Intent to Grant License to Axis3
- GSA/General Services Administration Acquisition Regulation (GSAR): OMB Information Collection Submission - Modifications 552.238-81 - Deadline for Public Comment: Aug. 7, 2019

## **21. U.S. Customs and U.S. Census/AES Updates**

- U.S. Customs - Fiscal Year 2020 Tariff-Rate Quota Allocations for Raw Cane Sugar, Refined and Specialty Sugar, and Sugar-Containing Products

- U.S. Customs - Customs Bulletin and Decisions - Vol. 53, July 10, 2019, No. 23

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## **22. Commerce/Enforcement and Compliance and U.S. International Trade Commission Actions and Votes**

- Commerce/E&C - 1-Hydroxyethylidene-1, 1-Diphosphonic Acid From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2016-2018
- Commerce/E&C - Acetone From Belgium, the Republic of Korea, and the Republic of South Africa: Postponement of Preliminary Determinations in the Less- Than-Fair-Value Investigations
- Commerce/E&C - Biodiesel From Argentina: Preliminary Results of Changed Circumstances Reviews of the Antidumping and Countervailing Duty Orders
- Commerce/E&C - Certain Cold-Rolled Steel Flat Products From the Republic of Korea: Affirmative Preliminary Determination of Anti-Circumvention Inquiries on the Antidumping Duty and Countervailing Duty Orders
- Commerce/E&C - Certain Corrosion-Resistant Steel Products From Republic of Korea: Affirmative Preliminary Determination of Anti-Circumvention Inquiries on the Antidumping Duty and Countervailing Duty Orders
- Commerce/E&C - Certain Corrosion-Resistant Steel Products From Taiwan: Affirmative Preliminary Determination of Anti-Circumvention Inquiry on the Antidumping Duty Order
- Commerce/E&C - Certain Fabricated Structural Steel From Canada: Preliminary Negative Countervailing Duty Determination and Alignment of Final Determination With Final Antidumping Duty Determination
- Commerce/E&C - Certain Fabricated Structural Steel From Mexico: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination With Final Antidumping Duty Determination

- Commerce/E&C - Certain Fabricated Structural Steel From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination With Final Antidumping Duty Determination
- Commerce/E&C - Certain Polyester Staple Fiber From the Republic of Korea: Initiation and Preliminary Results of Antidumping Duty Changed Circumstances Review
- Commerce/E&C - Certain Quartz Surface Products From the People's Republic of China: Antidumping and Countervailing Duty Orders
- Commerce/E&C - Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances
- Commerce/E&C - Certain Steel Wheels 12 to 16.5 Inches in Diameter From the People's Republic of China: Final Affirmative Countervailing Duty Determination, and Final Affirmative Determination of Critical Circumstances
- Commerce/E&C - Citric Acid and Certain Citrate Salts From Canada: Preliminary Results of Antidumping Duty Administrative Review; 2017-2018
- Commerce/E&C - Glycine From the People's Republic of China: Rescission of Antidumping Duty Administrative Review; 2018-2019
- Commerce/E&C - Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes From Mexico: Amended Final Results of Antidumping Duty Administrative Review; 2016-2017
- Commerce/E&C - Low Melt Polyester Staple Fiber From the Republic of Korea: Notice of Initiation and Preliminary Results of Antidumping Duty Changed Circumstances Review
- Commerce/E&C - Magnesium From Israel: Preliminary Affirmative Determination of Sales at Less Than Fair Value, Postponement of Final Determination, and Extension of Provisional Measures
- Commerce/E&C - Mattresses From the People's Republic of China: Amended Preliminary Determination of Sales at Less Than Fair Value
- Commerce/E&C - Non-Malleable Cast Iron Pipe Fittings From the People's Republic of China: Continuation of Antidumping Duty Order
- Commerce/E&C - Stainless Steel Butt-Weld Pipe Fittings From Italy: Rescission of Antidumping Duty Administrative Review; 2018-2019
- Commerce/E&C - Uncovered Innerspring Units From the People's Republic of China, South Africa, and Socialist Republic of Vietnam: Final Results of the Expedited Sunset

## Reviews of the Antidumping Duty Orders

- Commerce/E&C - Initiation of Antidumping and Countervailing Duty Administrative Reviews
- USITC - OMB Information Collection Submission - Miscellaneous Tariff Bill (MTB) Petition System - Deadline for Public Comment: Not stated
- USITC - Certain LED Lighting Devices, LED Power Supplies, and Components Thereof: Commission's Final Determination of No Violation of Section 337 by the Participating Respondents, and Final Determination of a Violation of Section 337 by a Defaulted Respondent; Issuance of a Limited Exclusion Order and a Cease and Desist Order; Termination of the Investigation
- USITC - Polyethylene Terephthalate (PET) Sheet From Korea, Mexico, and Oman: Institution of Anti-Dumping Duty Investigations and Scheduling of Preliminary Phase Investigations
- USITC - Utility Scale Wind Towers From Canada, Indonesia, Korea, and Vietnam: Institution of Anti-Dumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations
- USITC - Government in the Sunshine Act Meeting Notice - July 17, 2019, at 11:00 AM EDT
- USITC - Government in the Sunshine Act Meeting Notice - July 19, 2019, at 11:00 AM EDT

## **23. GAO and CRS Reports, Testimony, and Correspondence of Interest**

- DEFENSE ACQUISITIONS: DOD Needs to Improve How It Communicates the Status of Regulation Changes GAO-19-489: Published: Jul 11, 2019. Publicly Released: Jul 11, 2019.
- GAO WatchBlog: Troubling Trends in DOD's Weapon Programs
- BORDER INFRASTRUCTURE: Actions Needed to Improve Information on Facilities and Capital Planning at Land Border Crossings GAO-19-534: Published: Jul 11, 2019. Publicly Released: Jul 11, 2019.
- CRS - Coup-Related Restrictions in U.S. Foreign Aid Appropriations
- CRS - Iran Sanctions
- CRS - Military Retirement: Background and Recent Developments



- CRS - Zimbabwe: A Continuing Crisis
- CRS - Hypersonic Weapons: Background and Issues for Congress
- CRS - Iraq and U.S. Policy
- CRS - Moldova: An Overview
- CRS - U.S. Trade Debates: Select Disputes and Actions
- CRS - SBA Veterans Assistance Programs: An Analysis of Contemporary Issues
- CRS - The Current State of Federal Information Technology Acquisition Reform and Management
- CRS - Comparing DHS Component Funding, FY2019: In Brief
- CRS - Turkey: Background and U.S. Relations In Brief
- CRS - U.S.-EU Trade and Investment Ties: Magnitude and Scope
- CRS - U.S. Trade Debates: Select Disputes and Actions

## **24. U.S. Government Trade Forms and Other Information Collections Open for Public Comment**

(84 Fed. Reg. 33222) - Agency: U.S. Dept. of Commerce/Bureau of Economic Analysis(BEA) - Title: Quarterly Survey of U.S. Direct Investment Abroad--Transactions of U.S. Reporter With Foreign Affiliate - Agency Form No.: BE-577 - Type of Review: Regular Submission - Deadline for Public Comment: Sept. 10, 2019

(84 Fed. Reg. 32429) - Agency: U.S. Dept. of Defense/Office of the DoD Chief Information Officer - Title: DoD's Defense Industrial Base (DIB) Cybersecurity (CS) Activities Cyber Incident Reporting - Agency Form No.: None - Type of Review: Not stated - Deadline for Public Comment: Sept. 6, 2019

## **Other Headlines**

## **25. U.S. Firms May Get Nod to Restart Huawei Sales in Two-Four Weeks-Official**

Reuters.com, July 14 - The U.S. may approve licenses for companies to re-start new sales to Huawei in as little as two weeks, according to a senior U.S. official, in a sign President Donald Trump's recent effort to ease restrictions on the Chinese company could move forward quickly. Huawei, the world's largest telecommunications equipment maker, was added to a Commerce Department list in May that prohibits U.S. companies from supplying it with new American-made goods and services unless they obtain licenses that will likely be denied. But late last month, after meeting with Chinese president Xi Jinping, President

Donald Trump announced American firms could sell products to Huawei. And in recent days, Commerce Secretary Wilbur Ross said licenses would be issued where there is no threat to national security. Trump's reversal, and rapid implementation by the Commerce Department, suggests chip industry lobbying, coupled with Chinese political pressure, may well reignite U.S. technology sales to Huawei.

## **26. Manufacturers Move Supply Chains Out of China**

Wall Street Journal.com, July 14 - U.S. manufacturers are shifting production to countries outside of China as trade tensions between the world's two biggest economies stretch into a second year. Companies that make Crocs shoes, Yeti beer coolers, Roomba vacuums and GoPro GPRO cameras are producing goods in other countries to avoid U.S. tariffs of as much as 25% on some \$250 billion of imports from China. Apple Inc. also is considering shifting final assembly of some of its devices out of China to avoid U.S. tariffs. Furniture-maker Lovesac Co. is making about 60% of its furniture in China, down from 75% at the start of the year. "We have been shifting production to Vietnam very aggressively," said Shawn Nelson, chief executive of the Stamford, Conn., company. Mr. Nelson said he plans to have no production in China by the end of next year. The moves by U.S. companies add up to a reordering of global manufacturing supply chains as they prepare for an extended period of uneven trade relations. Executives at companies that are moving operations outside China said they expect to keep them that way because of the time and money invested in setting up new facilities and shifting shipping arrangements. Companies said the shifts accelerated after the tariff on many Chinese imports rose to 25% from 10% in May.

## **27. China Says Will Freeze Out U.S. Companies That Sell Arms to Taiwan**

Reuters.com, July 15 - China's government and Chinese companies will cut business ties with U.S. firms selling arms to Taiwan, China's Foreign Ministry said on Monday, declining to give details of the sanctions in a move likely to worsen already poor ties with Washington. China claims self-ruled and democratic Taiwan as its own and has never renounced the use of force to bring it under Beijing's control. China regularly calls Taiwan the most sensitive issue in its relations with the United States. Last week, the Pentagon said the U.S. State Department had approved the sale of the weapons requested by Taiwan, including 108 General Dynamics Corp (GD.N) M1A2T Abrams tanks and 250 Stinger missiles, which are manufactured by Raytheon (RTN.N). China said on Friday it would sanction U.S. companies selling weapons to Taiwan but did not elaborate. The latest deal involves \$2.2 billion worth of tanks, missiles and related equipment for Taiwan. Chinese Foreign Ministry spokesman Geng Shuang said the arms sales were a violation of international law and harmed China's sovereignty and national security.

## **28. Japan, South Korea Spar Over Trade Talks as U.S. Stays Away**

Bloomberg.com, July 13 - Japan and South Korea bickered over the details of rival briefings about export-control talks Saturday as the U.S. backed away from a potential role as a mediator in a fight over history and trade between its two Asian allies. Officials at Japan's Ministry of Economy, Trade and Industry held a press conference at which they denied an assertion from South Korea that it had called for the reversal of tighter export controls in a Friday meeting. Jun Iwamatsu, the director of the trade control policy division, said South Korean officials had gone beyond what the two sides had agreed to tell the media, adding

that the ministry had complained to the South Korean Embassy. The latest flare-up in long fraught ties follows a series of South Korean court decisions ordering the seizure of Japanese corporate assets as compensation for Koreans conscripted to work in factories and mines during the 1910-1945 colonial era. The issue escalated from a regional diplomatic spat to a global trade worry last week after Japan moved to curb the export of specialty materials vital to South Korea's technology sector.

## **29. India Likely to Miss NATO+ Grouping of US Arms Buyers**

HindustanTimes.com, July 12 - The US House of Representatives is scheduled to pass on Friday a defence budget legislation without a provision that would have put major defence purchases intended for India on the same fast-track mechanism that is now used for clearing arms deals for America's NATO allies and a handful of other countries. This will effectively end efforts to catapult India into that category in 2020, as the US Senate's defence bill for the coming fiscal, passed late June, also did not contain that clause. Multiple people involved in the framing and movement of the legislative provision through US Congress attributed the collapse of these efforts, in background interviews, to opposition from the state department and some to the Congress for India's planned purchase of Russian S-400 missile defence systems. "It's disappointing," said one of them, "but we will not give up and try again in 2020 (for the 2021 budget)."

## **30. How Do Americans Feel About US Arms Sales? Not Great.**

DefenseNews.com, July 12 - Congress is still divided on the decision to continue selling weapons to Saudi Arabia, and it turns out the American public feels a similar way. According to a new public opinion poll, 70 percent of Americans oppose arms sales to other nations and see the transactions as a threat to national security. However, when it comes to the U.S.-Saudi relationship, the Chicago Council on Global Affairs found that 50 percent of Americans feel the alliance weakens U.S. national security, while 45 percent say it does more to strengthen national security. "Saudi Arabia has long been viewed as a valuable security partner for US grand strategy in the Middle East. As such, it has received significant military aid and equipment from the United States," the think tank said in its findings. As for opposition to U.S. arms sales in general, the poll found that this view crosses traditional partisan lines: 75 percent of Democrats, 70 percent of Independents and 62 percent of Republicans expressed a lack of safety associated with arms sales. "Overall, 20 percent say arms sales make no difference to US safety, while just 9 percent say they make the US safer," the think tank reported.

## **31. Judge Sides With Pentagon and Amazon in Cloud Bidding Case**

APNews.com, July 12 - A federal judge has dismissed allegations that bidding for a \$10 billion cloud computing contract with the Pentagon was rigged to favor Amazon. Friday's ruling dismissing Oracle's claims clears the Defense Department to award the contract to one of two finalists: Amazon or Microsoft. It will be a boon for whichever company gets to run the 10-year computing project, which the U.S. military considers vital to maintaining its technological advantage over adversaries and accelerating its use of artificial intelligence in warfare. Oracle and IBM were eliminated during an earlier round, but Oracle persisted with a legal challenge claiming conflicts of interest. Court of Federal Claims Judge Eric Bruggink said Friday that Oracle can't demonstrate favoritism because it didn't meet the project's bidding requirements to begin with. Bruggink also sided with a Pentagon contracting officer's

earlier finding that there were no “organizational conflicts of interest” and no individual conflicts that harmed the bidding. Department of Defense spokeswoman Elissa Smith praised the judge’s order, saying it reaffirms the Pentagon’s position that the bidding process “has been conducted as a fair, full and open competition, which the contracting officer and her team executed in compliance with the law.” Smith said the military “has an urgent need” to get the cloud services in place. The Pentagon plans to pick a vendor as soon as Aug. 23.

### **32. Pentagon Races to Track U.S. Rare Earths Output Amid China Trade Dispute**

Reuters.com, July 12 - The Pentagon is rapidly assessing the United States’ rare earths capability in a race to secure stable supply of the specialized material amid the country’s trade conflict with China, which controls the rare earths industry, according to a government document seen by Reuters. The push comes weeks after China threatened to curb exports to the United States of rare earths, a group of 17 minerals used to build fighter jets, tanks and a range of consumer electronics. The Pentagon wants miners to describe plans to develop U.S. rare earths mines and processing facilities, and asked manufacturers to detail their needs for the minerals, according to the document, which is dated June 27. Responses are required by July 31, a short time frame that underscores the Pentagon’s urgency. The U.S. government’s fiscal year ends in September. The U.S. Air Force, which is part of the Pentagon and created the document, confirmed the document’s existence. The Pentagon’s headquarters did not respond to a request for comment. The responses will be reviewed by two government contractors, including Northrop Grumman Corp, which did not respond to requests for comment.

### **33. Defense Department Accelerates Hypersonic Weapons Development**

NationalDefenseMagazine.org, July 11 - A renewed sense of urgency spurred by rivals Russia and China has pushed the U.S. military to speed up the development of hypersonic technology. The Army, Navy and Air Force are all closely involved in the campaign with more test flights coming in 2020. The systems are characterized by their maneuverability and ability to reach speeds of Mach 5 and greater. Michael Griffin, undersecretary of defense for research and engineering, has been an outspoken advocate for hypersonic weapon research and development. “Hypersonic capabilities remain a major department-wide modernization focus, and DoD is accelerating hypersonic systems development and demonstration,” he said in March during testimony before the House Armed Services Committee’s subcommittee on intelligence and emerging threats and capabilities. The Defense Department requested \$2.6 billion toward hypersonics in President Donald Trump’s fiscal year 2020 budget request and is nearly doubling its long-term investments from \$6 billion to \$11.2 billion over the next five years, Griffin noted.

### **34. China, Russia Hypersonic Programs - Real Progress or Bluster?**

NationalDefenseMagazine.org, July 12 - China and Russia’s intention to pursue hypersonic weapons lit a fire under the U.S. military, forcing it to re-invigorate its own programs. But just how far the two rivals have come in their own programs and whether or not they can penetrate the United States’ missile defenses is a matter of debate. Are they behind? Have they caught up? Or are they ahead of the United States when it comes to this disruptive

technology? The answers are opaque, experts said. When the United States began to shift its attention to counterterrorism missions after the Cold War, Russia and China used it as an opportunity to bolster their air and missile portfolios, said Tom Karako, director of the missile defense project at the Center for Strategic and International Studies. "The Cold War ended, and we kind of patted ourselves on the back. And we said, 'Aha, we've got air superiority,'" he said at the Hudson Institute. But Russia and China had begun to adapt, and they've begun to adapt especially with a spectrum of air and missile threats, he added.

### **35. Space Startups See Big Payouts in New Push to the Moon**

Wall Street Journal.com, July 14 - This is a heady time for space entrepreneurs. That's because while the race to build rockets for a return to the moon has been the province of industrial and technology giants, there's plenty of room for startups to get involved in other aspects of this massive undertaking. Indeed, startups are carving out crucial roles in the National Aeronautics and Space Administration's renewed quest to land on—and eventually colonize—the moon, taking on projects from delivering equipment to the surface, to hunting down lunar ice that can be transformed into breathable air and rocket fuel, to 3-D printing huts on the moon. The Trump administration has laid out an ambitious timeline for NASA's so-called Artemis program: land astronauts on the moon by 2024 and establish a "sustained human presence" there by 2028. For space entrepreneurs long obsessed with colonizing the moon, the renewed lunar focus is a godsend. In May, NASA unveiled a request for a \$1.6 billion 2020 budget increase to accelerate human exploration of the moon and to expand commercial partnerships. Still, venture capital may not be as forthcoming, and for many of these startups, the ability to make moon colonization a sustainable business remains a question mark.

### **36. GAO Looks at Where Pentagon Contract Awards End Up**

DefenseNews.com, July 12 - The U.S. government awarded more money in contracts to foreign-owned firms located abroad than U.S.-based subsidiaries of foreign-owned firms, according to a government watchdog. A May 2019 report by the Government Accountability Office analyzed U.S. government contracts during fiscal 2015. In total, the U.S. government awarded \$290.9 billion in contracts; of this, \$12 billion went to firms located outside of the United States, the GAO found. The Department of Defense awarded 80 percent of those contracts awarded to firms out of the country, according to the report. Many of those contracts went toward U.S. military efforts in the individual country. In fiscal 2015, nearly 11,000 defense contracts were awarded for a total of \$9.8 billion. This accounts for 26 percent of all U.S. government contracts to foreign firms. "About a quarter of DOD's \$9.8 billion in aggregate award value were for purchases of fuel, oil, lubricant, and wax. About 9 percent were for education and training services, and about 7 to 8 percent each were for construction of buildings and housekeeping services," the GAO said.

### **37. Opinion: Defense Community Must Help Lower-Tier Suppliers**

NationalsDefenseMagazine.org, July 10 - The American public has witnessed the rollout and christening of the most advance, sophisticated and complex defense systems in the world on a regular basis. The accolades to Boeing, Lockheed Martin, Huntington Ingalls and Electric Boat, to name a few, are certainly well deserved. Without their vision, design and leadership, these marvelous systems would never be fielded. The rollout and commissioning ceremonies are witness to the Who's Who in the defense community and government. When

queried, key executives in these tier 1 companies are the first to acknowledge that none of this would be possible without an immense subcontractor and supplier base, in many cases over 1,000 companies. We do not see them at rollout ceremonies or receiving praise from politicians even though none of this work would be possible without them. Employees in these lower-tiered companies have no idea where their part will end up, for security reasons or for the fact that they are layers below the major defense companies. Yet, the number of suppliers is fewer and fewer with each passing day. This staggering reduction is a major concern to the government and the defense community.

### **38. Opinion: Space Force: What Is It Good For?**

BreakingDefense.com, July 15 - Congress and the Pentagon need to answer this question: what problem is the Space Force trying to solve? While it might seem a straightforward question, it isn't. Not only are there direct questions about how does an independent service for space resolve problems directly challenging US national security space operations and management, experts say. There is an elemental debate inside the military, the Intelligence Community and Congress about the future of warfare and space power's role in it. Unfortunately, the current discussion about the Space Force tend to be more narrowly defined. "When people talk about the current debate they tend to think about this in terms of who's in charge, who's in control — the classic rice bowl debate," says Jamie Morin, vice president of Defense Systems Operations at the Aerospace Corporation. "The focus has been on the 'who's in charge question' and how the different (congressional) committees have different perspectives on that, and the department's proposal's in a different place. But the broader question is still what problem are we solving? And some of the differences in perspective are because different people have different ideas about the problems that we're solving."

### **Upcoming Export Control and Other Trade Compliance Conferences**

**July 19 - Massachusetts Small Business Development Center Network - Managing Export Operations and Compliance - Webinar - 11:30 AM to 1:30 PM EDT - \$50**

**July 23-24 - U.S. Dept. of Homeland Security/U.S. Customs and Border Protection - 2019 Trade Symposium - Chicago - Marriott Marquis Hotel**

**July 23-25 - American Conference Institute - Anti-Corruption Compliance for High Risk Markets - Washington, DC - Kimpton Hotel Palomar**

**July 24-25 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & Missouri District Export Council - Complying with U.S. Export Controls - St. Louis - Eric P. Newman Education Center, 320 South Euclid Avenue**

**July 29-30 - National Customs Brokers & Forgers Association of America, Inc. - GTEC - Global Trade Educational Conference 2019 - Norlin - Hotel Monteleone**

**Aug. 20-21 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & The Southern Ohio District Export Council - Complying with U.S. Export Controls - Cincinnati, OH - Hilton Cincinnati Netherland Plaza Hotel**

**Aug. 20-21 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & Professional Association of Exporters and Importers - Complying with U.S. Export Controls - Milpitas, CA - Crowne Plaza San Jose-Silicon Valley**

**Aug. 22 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & Professional Association of Exporters and Importers - Encryption Controls - Milpitas, CA - Crowne Plaza San Jose-Silicon Valley**

**Sept. 17 - U.S. Dept. of Commerce/U.S.Census Bureau - Automated Commercial Environment (ACE) Exports Compliance Seminar - Chicago**

**Sept. 18-19 - U.S. Dept. Commerce/Bureau of Industry and Security(BIS) & The District Export Council of Southern California - Complying with U.S. Export Controls - Los Angeles - Sheraton Gateway Los Angeles Hotel**

**Sept. 24-25 - 12th Conference on the Foreign Corrupt Practices Act - San Francisco**

**Sept. 25 - American Conference Institute - National Forum on FARA - Washington DC**

**Sept. 25-26 - American Conference Institute - West Coast Conference on FCPA Enforcement and Compliance - San Francisco - Marines' Memorial Club & Hotel**

**Sept. 25-26 - SMi Group - Defence Exports 2019 - Amsterdam - Ramada Apollo Amsterdam Centre Hotel - *Gary Stanley, Editor of Defense and Export-Import Update, will once again chair this important conference.***

**Oct. 2-3 - Canadian Institute - Canadian Forum on Global Economic Sanctions Compliance & Enforcement - Toronto - Sheraton Centre Toronto Hotel**

**Oct. 15 - American Conference Institute - 5th Asia Pacific Summit on Economic Sanctions Compliance and Enforcement - Singapore**

**Oct. 16-17 - American Conference Institute - 8th Asia-Pacific on Anti-Corruption Singapore - Singapore**

**Oct. 22-23 - C5 Group - Anti-Corruption France - Paris**

**Oct. 28-29 - Society for International Affairs - 2019 Fall Advanced Conference - Washington, DC - Marriott Wardman Park Hotel**

**Nov. 12-13 - Nielsonsmith - Customs Compliance in Europe 2019 - Düsseldorf, Germany**

**Nov. 20-21 - Nielsonsmith - The European Anti-Corruption Summit - Munich, Germany**

**Dec. 4-5 - American Conference Institute - 36th International Conference on the Foreign Corrupt Practices Act - Washington, DC**

**Dec. 10-11 - American Conference Institute - 10th Annual New York Forum on Economic Sanctions - New York City**

**Jan. 23-24 - American Conference Institute - AML & OFAC Compliance for the Insurance Industry - New York City**

**Jan. 30-31 - American Conference Institute - 14th Forum on the Foreign Corrupt Practices Act - Houston**

**Feb. 5-6 - Nielsonsmith - Export Compliance in Europe - Munich, Germany**

**Feb. 11-12 - Nielsonsmith - European, EU and EU Member State Trade Controls Compliance for North American Companies Summit - Washington, DC**

**Feb. 24-26 - Society for International Affairs - 2020 Winter Back to Basics Conference - Las Vegas - Westin Las Vegas Hotel**

We hope this update proves helpful. If you have questions about any of these developments, please do not hesitate to call us. If you received this free newsletter from a colleague or friend and would like to subscribe directly, please just e-mail your name, title, company, and e-mail address to [gstanley@glstrade.com](mailto:gstanley@glstrade.com).

Cordially yours,

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**From:** KLASON, PETER (Federal) [PKLASON@doc.gov]  
**Sent:** 7/25/2019 2:52:55 AM  
**To:** Nazak Nikakhtar [Nazak.Nikakhtar@bis.doc.gov]; JEST, JOE [JJEST@doc.gov]  
**Subject:** Re: AO and EAA Emergency Extension and CAD files

Sure.

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**From:** Nazak Nikakhtar <Nazak.Nikakhtar@bis.doc.gov>  
**Sent:** Wednesday, July 24, 2019 8:49:32 PM  
**To:** JEST, JOE (Federal) <JJEST@doc.gov>; KLASON, PETER (Federal) <PKLASON@doc.gov>  
**Subject:** AO and EAA Emergency Extension and CAD files

Can we meet at 9:30 tomorrow am? Thanks!!

Nazak Nikakhtar  
Performing the Non-Exclusive Duties of the  
Under Secretary for Industry and Security, and  
Assistant Secretary, Industry & Analysis

United States Department of Commerce  
Office: 202-482-1455 | Email: Nazak.Nikakhtar@bis.doc.gov

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This Message was sent from my Mobile Device.  
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**From:** JEST, JOE (Federal) [JJEST@doc.gov]  
**Sent:** 7/25/2019 11:18:17 AM  
**To:** Nazak Nikakhtar [Nazak.Nikakhtar@bis.doc.gov]; KLASON, PETER [PKLASON@doc.gov]  
**Subject:** Re: AO and EAA Emergency Extension and CAD files

See you at 9:30.

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On: 24 July 2019 22:57,  
"Nazak Nikakhtar" <[Nazak.Nikakhtar@bis.doc.gov](mailto:Nazak.Nikakhtar@bis.doc.gov)> wrote:

Thanks!!

Nazak Nikakhtar  
Performing the Non-Exclusive Duties of the  
Under Secretary for Industry and Security, and  
Assistant Secretary, Industry & Analysis

United States Department of Commerce  
Office: [202-482-1455](tel:202-482-1455) | Email: [Nazak.Nikakhtar@bis.doc.gov](mailto:Nazak.Nikakhtar@bis.doc.gov)

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On: 24 July 2019 22:53,  
"KLASON, PETER (Federal)" <[PKLASON@doc.gov](mailto:PKLASON@doc.gov)> wrote:

Sure.

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**From:** Nazak Nikakhtar <[Nazak.Nikakhtar@bis.doc.gov](mailto:Nazak.Nikakhtar@bis.doc.gov)>  
**Sent:** Wednesday, July 24, 2019 8:49:32 PM  
**To:** JEST, JOE (Federal) <[JJEST@doc.gov](mailto:JJEST@doc.gov)>; KLASON, PETER (Federal) <[PKLASON@doc.gov](mailto:PKLASON@doc.gov)>  
**Subject:** AO and EAA Emergency Extension and CAD files

Can we meet at 9:30 tomorrow am? Thanks!!

Nazak Nikakhtar  
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Under Secretary for Industry and Security, and  
Assistant Secretary, Industry & Analysis

United States Department of Commerce  
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**From:** POLITICO Pro's Morning Trade [politicoemail@politicopro.com]  
**Sent:** 8/6/2019 9:46:41 AM  
**To:** Comstock, Earl (Federal) [EComstock@doc.gov]  
**Subject:** The beginning of the end for a China trade deal — California olive growers seek more duties on EU — U.S. tech firms explore 'state-aid' attack on France's digital tax

Aug 06, 2019

[View in browser](#)

# MORNINGTRADE

BY ADAM BEHSUDI

*With help from Doug Palmer and Ryan McCrimmon*

## QUICK FIX

— **A U.S.-China trade deal moved further into fantasyland** after President Donald Trump formally labeled China a currency manipulator in response to Beijing letting the value of the yuan slide to counter U.S. tariff escalation.

— **California olive growers are advocating for even more tariffs on imports of the Spanish fruit** even after they were hit with anti-dumping and countervailing duties.

— **U.S. tech firms are exploring ways to use the European Union's prohibition on state aid** as an attack against France's digital services tax.

**IT'S TUESDAY, AUG. 6!** Welcome to Morning Trade, where your host thinks this kid really needs to cash in with the tooth fairy. Got any tips to share? Let me know: [abehsudi@politico.com](mailto:abehsudi@politico.com) or [@abehsudi](https://twitter.com/abehsudi).

## DRIVING THE DAY

**THE BEGINNING OF THE END FOR A CHINA TRADE DEAL:** Trump finally got around to doing something he said would do the first day of his presidency: label China a currency manipulator. The new designation by the Treasury Department comes after Beijing let its currency fall to roughly 7 yuan to the U.S. dollar and ratchets up Trump's trade fight to an all out war.

Trump's action came after a round of angry tweets about China's currency intervention and announcement that it would halt any purchases of U.S. farm goods. Trump started the escalation last week when he said he would slap a 10 percent tariff by Sept. 1 on about \$300 billion worth of imports of all remaining items from China not yet hit by duties.

**What's next?** Treasury said it would engage in negotiations through the International Monetary Fund to adjust the rate of exchange, as required under the Omnibus Trade and Competitiveness Act of 1988. The last time Treasury designated a country as a currency manipulator was in the early 1990s, when China was named.

The action may only be symbolic, since the 1988 law only requires the two countries to negotiate either bilaterally or through the IMF, but it will give Trump more ammunition to increase tariffs again. It also clears the way for the Commerce Department to start using China's undervalued currency as a government subsidy when imposing countervailing duties under a proposal the administration issued in May.

**One person's manipulation is another's...:** Most experts view China letting the value of the yuan slide not as "manipulation," as Trump accused Beijing of doing, but rather the lack of any intervention since Beijing had been propping up the value of its currency for years. The distinction probably doesn't matter to Trump, who views the currency depreciation as China trying to escape the impact of his tariffs. The People's Bank of China said the U.S. tariff escalation was to blame for the currency moving down in value.

"China's move to allow the renminbi to break 7 kills three birds with one stone: It sends a message to Trump that China can counter his tariffs, it lets markets know that further currency movements are still possible, and it modestly boosts the spirits of Chinese exporters," Scott Kennedy, a senior adviser and China expert at the Center for Strategic and International Studies, told Morning Trade.

**AG EXPORTS TO CHINA TAKE A DIVE:** The worsening trade tension could exacerbate what's already a down year for ag exporters. USDA released fresh ag-trade data on Monday, and the numbers continue to look bleak, especially for soybean farmers.

Exports of the crop to China totaled just 8.7 million metric tons from October through June, a huge decrease from 25 million metric tons over the same period in fiscal 2018. That represents a difference of \$6.5 billion in sales. Overall, ag exports through June totaled \$103 billion, compared with nearly \$111 billion at the same point last year.

**What's next for Huawei?** China's decision to halt U.S. agriculture purchases likely zapped any positive movement by the U.S. to grant export licenses for blacklisted company Huawei. U.S. chipmakers that badly wanted to resume sales to the Chinese telecommunications company had been told those licenses would be coming soon, according to industry sources. One source close to the process says they're now on hold indefinitely.

**USTR TO SUPPORT AFRICAN CONTINENTAL TRADE PACT:** The U.S. pledged on Monday to help negotiate and implement a new continental free trade agreement covering 54 out of the 55 nations in the African Union. But in remarks at the annual African Growth and Opportunity Act forum in Côte d'Ivoire, Deputy USTR C.J. Mahoney also stressed the U.S. desire for bilateral trade deals with individual African nations.

"While we remain committed to AGOA, there are limits to what a unilateral trade preference program can achieve," Mahoney said. "We hope that, in time, enduring and reciprocal free trade agreements with the United States will serve as a conduit for the investment many African countries desire." The statement came more than a year and a half after USTR Robert Lighthizer expressed hope of soon launching talks with an African country on a bilateral FTA.

**CALIFORNIA OLIVE GROWERS SEEK MORE DUTIES ON EU:** One year after winning anti-dumping and countervailing duties averaging about 35 percent on imports of Spanish olives, California growers are hoping a long-running dispute over European support for Airbus will lead to even more taxes on the tasty Mediterranean fruit.

Michael Silveira, chairman of the Olive Growers Council of California, testified at a Trump administration hearing on Monday in favor of USTR's proposal to include olives on the list of EU goods that could be hit with 100 percent duties in the aircraft dispute. He also asked that three "bulk" categories of olives be added to the nine olive categories already proposed.

**Silveira complained that "the Spanish industry is working overtime"** to find any way it can to avoid the duties imposed last year. "A Spanish olive company has just invested in a U.S. ripe olive processor. The combined company has now terminated nearly all its contracts with U.S. growers, enabling it to import provisionally prepared bulk olives from Spain," Silveira said.

But the panel heard a different view from Phil Kafarakis, president of the Speciality Food Association. He said USTR's proposal to slap tariffs on EU food products such as cheeses, olives, olive oil, processed fruits, nuts and juices would hurt small retailers.

**ALCOHOL COMPANIES: NO EU TARIFFS PLEASE:** Robert Tobiassen, president of the National Association of Beverage Importers, urged USTR to target any retaliation in the Airbus dispute at "aeronautic parts and equipment" used by the European manufacturer at its facilities in the United States. "Alcohol beverages have no linkage with planes other than being served to passengers," he said in his prepared remarks.

That point was underscored by Chris Swonger, president and CEO of the Distilled Spirits Council of the United States, who warned that USTR's proposal to retaliate against whiskey and other alcoholic products from the EU could lead to a loss of between 11,200 and 78,600 U.S. jobs, depending on the level of tariffs imposed.

The industry is already suffering from Trump's trade wars, Swonger said. Total U.S. alcoholic spirits exports fell by 7 percent, and whiskey exports fell by 13 percent, between June 2018 and May 2019 as a result of retaliatory duties imposed by the EU, China and Turkey in response to Trump's tariff moves, he testified.

**U.S. TECH FIRMS EXPLORE 'STATE-AID' ATTACK ON FRANCE'S DIGITAL TAX:** U.S. tech giants like Google and Facebook are looking at attacking France's digital services tax with EU state aid laws, which prohibit measures that provide domestic companies an advantage over foreign rivals. U.S. companies are now

trying to figure out whether the tax can be classified as state aid under EU law, POLITICO Europe's Thibault Larger reports.

The Association des Services Internet Communautaires, a technology lobby representing Google and Facebook in France, said last week it would complain to the European Commission about the country's digital tax. But the tactic could backfire. EU court decisions have supported similar tax measures in the supermarket sectors in Poland and Hungary even though those cases aren't seen as cast-iron precedent. If the tax is found to be a disguised attack on U.S. companies, France would run afoul of the state-aid law and would likely have to rescind the tax measure.

### **LAWMAKERS KEEP PRESSURE UP ON FIREARMS EXPORT CONTROL**

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#### ON THE CALENDAR

**12 p.m.** The National Economists Club hosts a National Press Club Newsmaker Program luncheon discussion on "U.S. Economy and Monetary Policy." National Press Club, 529 14th St. NW.

Submit your events to [tradecalendar@politicopro.com](mailto:tradecalendar@politicopro.com).

**THAT'S ALL FOR MORNING TRADE!** See you again soon! In the meantime, drop the team a line: [abehsudi@politico.com](mailto:abehsudi@politico.com); [mcassella@politico.com](mailto:mcassella@politico.com); [dpalmer@politico.com](mailto:dpalmer@politico.com); [srodriguez@politico.com](mailto:srodriguez@politico.com); [jlauinger@politico.com](mailto:jlauinger@politico.com); and [pjoshi@politico.com](mailto:pjoshi@politico.com). Follow us [@POLITICOPro](#) and [@Morning\\_Trade](#).



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**From:** McNerney, Robert (Federal) [RMcNerney@doc.gov]  
**Sent:** 8/6/2019 1:43:42 PM  
**Subject:** DOC Morning News Clips for Tuesday, August 06, 2019

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#### **New York Times**

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##### **Bloomberg**

While the Treasury Department’s determination is largely symbolic -- the potential penalties are less punitive than the steps Trump has already taken against China -- it underscores how rapidly the relationship between the world’s two largest economies is deteriorating. The move roiled markets, with S&P 500 Index futures sliding almost 2% at one point, though turmoil eased when China set a stronger-than-expected level for the yuan in its daily fixing.

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**What's next?** Treasury said it would engage in negotiations through the International Monetary Fund to adjust the rate of exchange, as required under the Omnibus Trade and Competitiveness Act of 1988. The last time Treasury designated a country as a currency manipulator was in the early 1990s, when China was named.

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"China's move to allow the renminbi to break 7 kills three birds with one stone: It sends a message to Trump that China can counter his tariffs, it lets markets know that further currency movements are still possible, and it modestly boosts the spirits of Chinese exporters," Scott Kennedy, a senior adviser and China expert at the Center for Strategic and International Studies, told Morning Trade.

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"While we remain committed to AGOA, there are limits to what a unilateral trade preference program can achieve," Mahoney said. "We hope that, in time, enduring and reciprocal free trade agreements with the United States will serve as a conduit for the investment many African countries desire." The statement came more than a year and a half after USTR Robert Lighthizer expressed hope of soon launching talks with an African country on a bilateral FTA.

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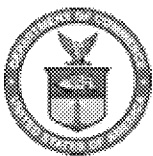
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202-482-1986



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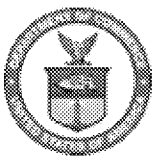
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Press Assistant  
Office of the Secretary | Department of Commerce  
[RMcNerney@doc.gov](mailto:RMcNerney@doc.gov)  
202-482-1986



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**From:** Gary Stanley [REDACTED]@glstrade.com]  
**Sent:** 8/21/2019 2:03:13 PM  
**To:** Richard Ashooh [Richard.Ashooh@bis.doc.gov]  
**Subject:** Defense and Export-Import Update (Aug. 21, 2019)



**Dear All,**  
**Good Day!**

**Gary Stanley's ECR Tip of the Day: In the U.S. Department of Commerce's Export Administration Regulations (EAR), License Exceptions TMP, RPL, BAG, AVS, GOV, and TSU authorize exports notwithstanding the provisions of the CCL. List-based License Exceptions (LVS, GBS, CIV, TSR, and APP) are available only to the extent specified on the CCL. Some ECCNs contain License Exception STA exclusion paragraphs. Those paragraphs delineate items excluded from the License Exception STA provisions in § 740.20(c)(2) of the EAR. Part 740 of the EAR provides authorization for reexports only to the extent each License Exception expressly authorizes reexports. License Exception APR authorizes reexports only.**

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#### **Upcoming Export Control and Other Trade Compliance Conferences**

### **1. BIS Adds 46 Additional Non-U.S. Affiliates of Huawei to Entity List**

(84 Fed. Reg. 43493) - The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has added forty-six additional non-U.S. affiliates of Huawei to the Entity List because they also pose a significant risk of involvement in activities contrary to the national security or foreign policy interests of the United States. Nineteen of these forty-six affiliated entities are being added to the existing entry for Huawei; the other twenty-seven entities are being added under new, separate entries. This rule also modifies the existing entries for Huawei and three Huawei affiliates in China by moving the three affiliates under the entry for Huawei instead of continuing to list them under separate entries, and by adding one alias and four addresses to the Huawei entry, including the addresses for those three affiliates. The entries for five other existing entries for Huawei affiliates in China, Belgium, and Brazil are also being modified by this rule.

### **2. BIS Extends Validity of Huawei Temporary General License, Clarifies Authorized Transactions, and Changes Certification Statement Requirements**

(84 Fed. Reg. 43487) - On May 22, 2019 at 84 Fed. Reg. 23468, the U.S. Department of Commerce's Bureau of Industry and Security (BIS) published a temporary general license, effective May 20, 2019, that modified the effect of the listing of Huawei Technologies Co., Ltd., and sixty-eight of its non-U.S. affiliates on the Entity List to authorize temporarily engagement in certain transactions, involving the export, reexport, or transfer (in-country) of items subject to the EAR to the 69 listed Huawei entities. The U.S. Government has decided to extend the temporary general license through November 18, 2019. To implement this decision, this final rule revises the temporary general license to remove the expiration date of August 19, 2019, and substitutes the date of November 18, 2019. This final rule also makes certain clarifying changes to the authorized transactions under the temporary general license to improve public understanding. Lastly, this final rule revises the temporary general license by changing which party to the transaction is required to create the certification

statement by requiring that the exporter, reexporter, or transferor obtain a certification statement from the pertinent Huawei listed entity before using the temporary general license. This final rule, as a conforming change for the addition of the additional 46 non-U.S. affiliates of Huawei to the Entity List reported in Item 1 above, revises the temporary general license to include those additional Huawei affiliates within the scope of the temporary general license.

### **3. Man Taken into Custody After Being Charged with Illegally Exporting Prohibited Manufacturing Equipment to Iran**

The U.S. Department of Justice (DOJ) has announced that federal authorities have arrested Mehdi Hashemi, who sometimes used the name "Eddie Hashemi," 46, a dual citizen of the United States and Iran who previously resided in Los Angeles, on charges that he participated in a scheme to ship prohibited items from the United States to Iran, in violation of the International Emergency Economic Powers Act (IEEPA) and U.S. sanctions imposed on the nation. The 21-count indictment outlines a scheme in which Hashemi purchased computer numerical control (CNC) machines and related equipment from suppliers in the United States and Canada, made arrangements to ship the machines to the United Arab Emirates under false and forged invoices and packing lists, and then arranged to forward the machines from the UAE to Iran. Hashemi purchased the machines on behalf of a Tehran-based company identified in the indictment as "Company A," an outfit that claimed to manufacture textiles, medical and automotive components, and spare parts. The indictment outlines illegal shipments of CNC machines and related equipment to the UAE and alleges that Hashemi knew and intended for them to be forwarded to Iran. The indictment also alleges that Hashemi attempted to export CNC machines on several occasions, including two attempts through the Port of Long Beach. Hashemi also is charged with making false statements to federal authorities in 2018 when he lied about his activities, his knowledge of federal export laws and his intention to send the CNC machines to Iran. The indictment charges Hashemi with conspiring to violate IEEPA, violating IEEPA, smuggling, money laundering, unlawful export information activities, and making false statements. A second defendant charged in the indictment – Feroz Khan, of the United Arab Emirates, who allegedly helped to ship CNC machines from the UAE to Iran – is a fugitive.

### **4. Arms Trafficker Convicted in Anti-Aircraft Missiles Scheme and of Other Arms Offenses Sentenced to 30 Years in Prison**

The U.S. Department of Justice (DOJ) has announced that Rami Najm Asad-Ghanem, 53, a black-market arms dealer with a long history of brokering machine guns, rocket-propelled grenades and anti-tank armaments – and who was found guilty last year in a scheme to sell and use surface-to-air missiles – has been sentenced yesterday to 30 years in federal prison. Following a nine-day trial last November, a federal jury found Ghanem guilty of conspiring to use and to transfer missile systems designed to destroy aircraft. The day before his trial started, Ghanem pleaded guilty to six other federal crimes stemming from his arms-trafficking activities, including the unlicensed export of weapons and ammunition, smuggling, money laundering, and unlicensed arms brokering. The evidence presented at last year's trial showed that Ghanem conspired to transfer a wide array of surface-to-air missile systems to customers around the world, including clients in Libya, the United Arab Emirates, Iraq, and the leadership of Hezbollah, a designated foreign terrorist organization. During the trial, prosecutors showed that he conspired to use Russian-made Igla and Strela surface-to-air missile systems by brokering the services of mercenary missile operators to a

militant faction in Libya in 2015. Among other actions, Ghanem negotiated the salaries and terms of service of the mercenary missile operators, coordinated their payment, facilitated their travel to Libya, confirmed their arrival and performance of duties, and offered them a \$50,000 bonus if they were successful in their mission of shooting down airplanes flown by the internationally recognized government of Libya. The U.S. Department of Homeland Security's Homeland Security Investigations (HSI) began the investigation into Ghanem in mid-2014, when a Los Angeles-based company alerted HSI that it had been solicited to provide military equipment to Ghanem. During an undercover operation, an HSI agent developed a relationship with Ghanem, who was seeking to procure a number of armaments – including sniper rifles and night-vision optics. During discussions with the undercover agent, Ghanem affirmed that the transactions were being conducted “illegally” and had to be “under the table.”

## **5. President Trump Signs Presidential Memorandum on Launch of Spacecraft Containing Space Nuclear Systems**

President Donald J. Trump has signed a Presidential Memorandum on the launch of spacecraft containing space nuclear systems. the memorandum updates the process for lunches of such systems, which include radioisotope power systems (RPSs), such as radioisotope thermoelectric generators (RTGs) and radioisotope heater units (RHUs), and fission reactors used for power and propulsion. The Presidential Memorandum states that it is the policy of the United States to develop and use space nuclear systems when such systems safely enable or enhance space exploration or operational capabilities. it sets forth safety guidelines and launch authorization processes.

## **6. DoD/DSCA Notifies Congress of Possible FMS F-16C/D Block 70 Aircraft and Related Equipment and Support to Taiwan**

The U.S. Department of Defense's Defense Security Cooperation Agency (DSCA) has notified the Congress that the Taipei Economic and Cultural Representative Office in the United States (TECRO) has requested to purchase sixty-six (66) F-16C/D Block 70 aircraft; seventy-five (75) F110 General Electric Engines (includes 9 spares); seventy-five (75) Link-16 Systems (includes 9 spares); seventy-five (75) Improved Programmable Display Generators (iPDG) (includes 9 spares); seventy-five (75) APG-83 Active Electronically Scanned Array (AESA) Radars (includes 9 spares); seventy-five (75) Modular Mission Computers 7000AH (includes 9 spares); seventy-five (75) LN-260 Embedded GPS/INS (includes 9 spares); seventy-five (75) M61 Vulcan 20mm Guns (includes 9 spares); one-hundred thirty-eight (138) LAU-129 Multipurpose Launchers; six (6) FMU-139D/B Fuze for Guided Bombs; six (6) FMU-139D/B Inert Fuze for Guided Bombs; six (6) FMU 152 Fuze for Guided Bombs; six (6) MK-82 Filled Inert Bombs for Guided Bombs; and three (3) KMU-572 Joint Direct Attack Munition (JDAM) Tail Kits, GBU-38/54. Also included are seventy-five (75) AN/ALE-47 Countermeasure Dispensers (includes 9 spares); one-hundred twenty (120) ALE-50 towed decoy or equivalent; seventy-five (75) APX-126 Advanced Identification Friend or Foe (includes 9 spares); seventy five (75) AN/ALQ-211 A(V)4 Airborne Integrated Defensive Electronic Warfare Suite (AIDEWS) or equivalent (includes 9 spares); EW Line Replaceable Unit (LRU) and Standard Electronic Module (SEM) spares; one hundred fifty (150) ARC-238 radios (includes 18 spares); Secure Communications and Cryptographic Appliques including seventy-three (73) KIV-78 cryptographic COMSEC devices, and ten (10) AN/PYQ-10 Simple Key Loaders (SKLs) for COMSEC; three (3) Joint Mission Planning Systems (JMPS); twenty-seven (27) Joint Helmet Mounted Cueing Systems (JHMCS) II with

Night Vision Device (NVD) compatibility or Scorpion Hybrid Optical-based Inertial Tracker (HObIT) helmet mounted cueing system with NVD compatibility; seventy (70) NVDs; six (6) NVD spare image intensifier tubes; Cartridge Actuated Devices/Propellant Actuated Devices (CAD/PAD); cartridges; chaff; flares; three (3) each DSU-38A/B Precision Laser Guidance Sensor (PLGS) for GBU-54 Laser Joint Direct Attack Munition (LJDAM) integration; PGU-28A/B 20mm ammunition; telemetry units for integration and test; bomb components; twenty (20) ground debriefing stations; Electronic Combat International Security Assistance Program (ECISAP) support including EW database and Mission Data File (MDF) development (classified/unclassified); communications equipment; classified/unclassified spares, repair, support equipment, test equipment, software delivery/support, personnel training, training equipment, flight/tactics manuals, publications and technical documentation; bomb racks; Organizational, Intermediate and Depot level tooling; Pilot Life Support Equipment (PLSE); Alternate Mission Equipment (AME); ground training devices (including flight and maintenance simulators); containers; development, integration, test and engineering, technical and logistical support of munitions; aircraft ferry; studies and surveys; construction services; U.S. Government and contractor engineering, technical and logistical support services; and other related elements of logistics, program and sustainment support. The total estimated program cost is \$8 billion. The principle contractor will be Lockheed Martin, headquartered in Bethesda, MD. There are no known offset agreements proposed. The purchaser typically requests offsets. Any offset agreement would be defined in negotiations between the purchaser and the contractor(s).

## **7. BIS' Transportation and Related Equipment Technical Advisory Committee to Meet Sept. 4**

(84 Fed. Reg. 43580) - The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that its Transportation and Related Equipment Technical Advisory Committee will meet in open session Wednesday, September 4, 2019, 9:30 AM EDT, at the Herbert C. Hoover Building, Room 3884, 14th Street between Constitution & Pennsylvania Avenues NW, Washington, DC. The open session will also be accessible via teleconference to 20 participants on a first come, first serve basis. To join the conference, submit inquiries to Ms. Yvette Springer at [Yvette.Springer@bis.doc.gov](mailto:Yvette.Springer@bis.doc.gov) no later than August 28, 2019. The agenda for the meeting is as follows:

- Welcome and Introductions.
- Status reports by working group chairs.
- Public Comments and proposals.

## **8. BIS' Materials Technical Advisory Committee to Meet Sept. 5**

(84 Fed. Reg. 43580) - The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that its Materials Technical Advisory Committee will meet in open session Thursday, September 5, 2019, 10:00 AM, at the Herbert C. Hoover Building, Room 3884, 14th Street between Constitution & Pennsylvania Avenues, N.W., Washington, D.C. The open session will also be accessible via teleconference to 20 participants on a first come, first serve basis. To join the conference, submit inquiries to Ms. Yvette Springer at [Yvette.Springer@bis.doc.gov](mailto:Yvette.Springer@bis.doc.gov) no later than August 29, 2019. The agenda for the meeting is as follows:



- Opening Remarks and Introduction.
- Remarks from BIS senior management.
- Report on regime-based activities.
- Public Comments and New Business.

## **9. Advisory Committee of Ex-Im Bank and Ex-Im Bank's Sub-Saharan Africa Advisory Committee to Meet Sept. 11**

(84 Fed. Reg. 43598) - The Export-Import Bank of the United States (Ex-Im Bank) has announced that the Advisory Committee of Ex-Im Bank and Ex-Im Bank's Sub-Saharan Africa Advisory Committee will jointly meet Wednesday, September 11, 2019, 9:30 AM to 1:45 PM, at Ex-Im Bank Headquarters, Main Conference Room, 11th Floor, 811 Vermont Avenue, N.W., Washington, DC 20571. Members of the public wishing to attend should contact India Walker at [external@exim.gov](mailto:external@exim.gov) to be placed on an attendee list. Agenda items include updates for the Advisory Committee members regarding: Ex-Im Bank business and products, committee overview, and Ex-Im Bank potential lapse in authority.

## **10. U.S. Customs and U.S. Census/AES Updates**

- U.S. Customs - CSMS #39442745 - DIS (action code and namespace) PROD deployment is postponed
- U.S. Customs - CSMS #39442875 - Scheduled ACE Reports
- U.S. Customs - International Travelers Should Know of Souvenir Restrictions

## **11. Commerce/Enforcement and Compliance and U.S. International Trade Commission Actions and Votes**

- Commerce/E&C - Carbon and Alloy Steel Cut-To-Length Plate From Japan: Rescission of Antidumping Duty Administrative Review; 2018-2019
- Commerce/E&C - Certain Corrosion-Resistant Steel Products From Taiwan: Initiation of Anti-Circumvention Inquiry on the Antidumping Duty Order
- Commerce/E&C - Corrosion-Resistant Steel Products From the People's Republic of China: Initiation of Anti-Circumvention Inquiries on the Antidumping Duty and Countervailing Duty Orders
- Commerce/E&C - Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes From the Republic of Turkey: Preliminary Results of Countervailing Duty Administrative Review; 2017

- Commerce/E&C - Sodium Sulfate Anhydrous From Canada: Postponement of Preliminary Determination in the Less-Than-Fair-Value Investigation
- USITC - Certain Child Resistant Closures With Slider Devices Having a User Actuated Insertable Torpedo for Selectively Opening the Closures and Slider Devices Therefor: Institution of Investigation
- USITC - Certain Digital Video Receivers and Related Hardware and Software Components: Commission Decision To Review in Part a Summary Determination and To Review in Part a Final Initial Determination; Schedule for Filing Written Submissions on the Issues Under Review and on Remedy, the Public Interest and Bonding
- USITC - Certain Rotating 3-D LiDar Devices and Products Containing the Same (Including Autonomous Vehicles, Unmanned Aerial Vehicles, Industrial Machines, and Robotics), and Components Thereof: Notice of Receipt of Complaint; Solicitation of Comments Relating to the Public Interest
- USITC - Laminated Woven Sacks From China: Determinations That Revocation of the Antidumping and Countervailing Duty Orders Would Be Likely to Lead to Continuation or Recurrence of Material Injury
- USITC - Persulfates From China: Determination That Revocation of the Antidumping Duty Order Would Be Likely to Lead to Continuation or Recurrence of Material Injury
- USITC - Small Diameter Graphite Electrodes from China: Notice of Commission Determination To Conduct a Full Five-Year Review
- USITC - Steel Wire Garment Hangers From China: Determination That Revocation of the Antidumping Duty Order Would Be Likely to Lead to Continuation or Recurrence of Material Injury
- USITC - Vertical Metal File Cabinets From China: Scheduling of the Final Phase of Countervailing Duty and Antidumping Duty Investigations

## **12. GAO and CRS Reports, Testimony, and Correspondence of Interest**

- CRS - Bahrain: Unrest, Security, and U.S. Policy

## **Other Headlines**

## **13. China Threatens Sanctions Over Planned U.S. Sale of Fighter Jets to Taiwan**

WallStreetJournal.com, Aug. 21 - China said it would sanction any U.S. firm involved in a planned \$8 billion sale of advanced fighter jets to Taiwan, in retaliation against what it describes as Washington's attempt to undermine Chinese national security. Beijing's countermeasure against the proposed sale of 66 F-16V fighters isn't expected to have much

impact on the manufacturer, Lockheed Martin Corp. , but it could complicate efforts to resolve the U.S.-China trade dispute. "China will take all necessary measures to safeguard its interests, including the imposition of sanctions against the American companies that participate in this arms sale to Taiwan," Chinese Foreign Ministry spokesman Geng Shuang told reporters Wednesday. . . . Some Trump administration officials have grown concerned in recent months that national-security disputes with China, including arms sales to Taiwan—a separate \$2.2 billion proposed sale of tanks, missiles and other military hardware was approved in July—are souring efforts to secure a trade deal.

#### **14. Wary of China, Pentagon to Launch 'Trusted Capital Marketplace' This Fall**

NationalDefenseMagazine.org, Aug. 20 - To help bolster the industrial base against potential adversaries, the Defense Department is planning to kick-start its "Trusted Capital Marketplace" project this fall, said the undersecretary of defense for acquisition and sustainment Aug. 20. The effort, which the Pentagon announced earlier this year, is in response to growing concerns about foreign nations such as China investing in U.S. companies and how that could affect national security, said Ellen Lord. The goal is to link technology startups with trusted sources of capital. Last year, the Pentagon released a report — "Assessing and Strengthening the Manufacturing and Defense Industrial Base and Supply Chain Resiliency of the United States" — which fulfilled President Donald Trump's Executive Order 13806, Lord noted. "The idea here is that we don't often look down into the fourth, fifth, sixth, seventh layer of our supply chain to understand where we're sole source or where we're dependent on a foreign entity that might not be a trusted source," she said during remarks at the Association for Unmanned Vehicle Systems International's Defense-Protection-Security Conference in Washington, D.C.

#### **15. Inside America's Dysfunctional Trillion-Dollar Fighter-Jet Program**

NewYorkTimes.com, Aug. 21 - On the morning of June 23, 2014, an F-35 burst into flames just moments before its pilot was set to take off on a routine training mission. He heard a loud bang and felt the engine slow as warning indicators began flashing "fire" and other alerts signaled that systems in the plane were shutting down. . . . It was the first major mishap involving a F-35 Joint Strike Fighter, and it couldn't have happened at a worse time. In less than a month, the F-35, America's high-profile next-generation fighter jet, was poised to make its international debut in Britain at Farnborough Airshow, the second-largest event of its kind in the world. . . . Yet even as the program plows forward, unresolved technical have issues continued to emerge. In June, my colleagues and I at Defense News reported that the plane still faced at least 13 severe technical deficiencies during operational testing, including spikes in cabin pressure, some rare instances of structural damage at supersonic speeds and unpredictability while conducting extreme maneuvers — all problems that could affect the pilot's safety or jeopardize a mission's success. At the same time, the F-35s already delivered to squadrons have introduced new complications: On military bases around the United States, the high cost of operating the aircraft, a shortage of spare parts and a challenging new approach to updating the jet's crucial software code have program officials and military leaders urgently looking for solutions.

#### **16. Germany Charges Russian for Violating Trade Embargo**

NewYorkTimes.com & Associate Press, Aug. 21 - Germany's federal prosecutor has charged a Russian citizen for crimes against the foreign trade law because he allegedly exported technology and chemicals to Russia that fall under an embargo. Prosecutors in Karlsruhe said Wednesday that Vladimir D., whose full name and age were not given, exported goods worth 1.832 million euros (\$2.03 million) to Russia between 2014 and 2018. The statement said the suspect exported two hot isostatic presses, which are used in aeronautical and space technology and can also be used by the military, which is why they fall under an embargo.

## **17. BlackRock Unit Gets Approval to Take Russia-Linked Firm's Stake in Cybersecurity Company**

WallStreetJournal.com, Aug. 20 - A national-security panel that oversees foreign investment in U.S. businesses approved the transfer of a stake in cybersecurity company Cofense Inc. from a Russia-linked private-equity firm to funds managed by BlackRock Inc. People familiar with the matter said the Committee on Foreign Investment in the U.S., known as Cfius, gave its approval to the deal on Monday. The clearance removes one of the final obstacles in a protracted sale process that began last year, and concludes an unusual showdown between Cfius and Pamplona Capital Management, a private-equity firm with ties to Russians including the businessman Mikhail Fridman. Cfius ordered Pamplona to sell its minority stake in Cofense after officials raised national-security concerns about the amount of foreign money invested with Pamplona, given the sensitive nature of Cofense's business. Under the terms of the approved deal, no money will change hands now. Pamplona will retain a residual financial interest in the company and will be paid if shares in Cofense are sold in the future, The Wall Street Journal previously reported. The deal is designed to strip Pamplona's foreign backers of any ability to influence Cofense or gain access to sensitive information held by the company, the people familiar with the matter said.

## **18. Trump's Trade War Comes for Consumers: Tariffs Could Cost U.S. Families Up to \$1,000 a Year, JPMorgan Forecasts**

WashingtonPost.com, Aug. 20 - More than a year into the U.S.-China trade war, American consumers are about to find themselves squarely in the crosshairs for the first time, with households estimated to face up to \$1,000 in additional costs each year from tariffs, according to research from JPMorgan Chase. Consumers, whose spending fuels about 70 percent of the U.S. economy, have been largely shielded from previous rounds of tariffs, which have left businesses reeling and upended global supply chains. But that's about to change with the 10 percent levies on roughly \$300 billion in Chinese imports, about a third of which will take effect Sept. 1. Those tariffs will primarily target consumer goods. The effect of these tariffs is so significant that it caused President Trump to publicly acknowledge, for the first time, that American families will bear some of the burden of his trade policies. Amid growing concern that the tariffs could damage the economy, Trump abruptly announced he would delay tariffs on certain popular products such as laptops, footwear and video games — about two-thirds of the impacted items — until mid-December.

## **19. 'You Prepare for War': How One U.S. Firm Tried Escaping Trump's China Tariffs**

Reuters.com, Aug. 20 - When Larry Sloven heard last year that U.S. tariffs threatened his China electronics business, he knew that setting up shop elsewhere would be a slog rather

than an adventure. The 70-year-old had spent half his life building supply chains in southern China to produce goods for big-box U.S. retailers. But he had never reshuffled one on short notice, with tariffs hanging over his head. "It is the hardest thing I've ever had to do in all my 30 years in the business," said Sloven, president of Capstone International HK Ltd, a division of Florida-based Capstone Companies. "You've got packaging, assembling, auditing, labor, overheads, components, logistics, transportation," he said. "I went from first gear to fourth gear very quickly." Sloven, a native of Long Island, New York, cut his teeth in Asia in the 1970s sourcing lighting products from Japan. He then moved to Taiwan and then mainland China, making and sourcing electrical products for AT&T and Duracell, before becoming a buying agent for sporting goods retailer Dick's. He joined Capstone in 2012 to manage its network of Chinese manufacturers from Hong Kong. Rising labor costs and tighter regulations in China had already led him to consider moving the business elsewhere in Asia. But the trade war forced his hand.

## **20. Mexican Tomato Growers Reach Agreement to End U.S. Duties**

WallStreetJournal.com, Aug. 21 - Mexican tomato growers reached a last-minute deal with the U.S. Commerce Department that will suspend an antidumping investigation and remove duties on U.S. imports of Mexican tomatoes in exchange for Mexico raising prices and submitting to inspections. Mexican tomato growers said the agreement was reached minutes before a Tuesday midnight deadline, and now has a 30-day period for comments before taking effect. In May, following complaints last year from U.S. tomato growers, the U.S. Commerce Department terminated a suspension agreement with Mexican producers under which antidumping duties on Mexican tomatoes had been avoided since 1996. The Commerce Department reactivated an antidumping investigation and determined a 25.3% preliminary dumping margin for Mexican tomatoes, above the 17.5% set in 1996. A final determination was due Sept. 19. Once the new agreement goes into effect, imports of Mexican tomatoes will be duty-free, and exporters will be able to recover cash deposits made since May 7, the Mexican growers said.

## **21. Dutch Man Suspected of Illegally Exporting Garbage**

NewYorkTimes.com & Associate Press, Aug. 21 - Dutch authorities have searched two properties and seized a company's business records in an investigation into the alleged illegal export of 12,000 metric tons of garbage. The government's Human Environment and Transport Inspectorate announced the investigation Wednesday, a day after it conducted searches in the southern city of Venlo. The inspectorate says that a suspect is believed to have exported the garbage to countries in Africa and Asia, without the necessary permits. It did not elaborate. The man, whose identity was not released, also is suspected of money laundering.

## **22. Tectonic Shift as NRO Moved Under Space Command in Wartime**

BreakingDefense.com, Aug. 20 - If war in space erupts, the new US Space Command will have the power to order the National Reconnaissance Office (NRO) to take "defensive space operations" under a new joint concept of operations. The new chain of command represents a tectonic plate shift in US national security space, which has long been plagued by often testy relationships between the Intelligence Community and DoD. "For the first time, there will be a unified structure that fully integrates Intelligence Community and Department of Defense space defense plans, authorities and capabilities to ensure seamless execution of

space defense systems," Acting Director of National Intelligence Joseph Maguire told the National Space Council today. "Furthermore, should conflict extend to space, the NRO will take direction from the Commander of US Space Command and execute defensive space operations based on a jointly developed playbook and informed by a series of exercises and war games," Maguire added.

## **23. Marine Corps to Expand Unmanned Systems Arsenal**

NationalDefenseMagazine.org, Aug. 21 - As the Marine Corps looks to purchase new unmanned systems, it is putting a premium on capacity, said the head of the service's Combat Development Command Aug. 20. "We're interested in all platforms — surface, subsurface and aviation," said Lt. Gen. Eric Smith. "[We want] unmanned systems that are truly numerous because there is a quality in quantity in this particular regard. We're looking for things that can do reconnaissance, that can do a radio relay, we're looking for some lethal payloads. But we're looking for numerous" quantities of robotic capabilities. Following the publication of new Marine Corps Commandant Gen. David Berger's Planning Guidance document — which was released last month — the service is now focusing on increasing the number of systems in its inventory, Smith said. "If you read that guidance — and that's the guidance that I'm following as the force developer — it is about how do we produce enough bulk, enough number, ... enough capacity that I can actually inflict a dilemma on the enemy" by forcing adversaries to contend with a large number of unmanned Marine Corps platforms, he said during remarks at the Association for Unmanned Vehicle Systems International's Defense-Protection-Security Conference in Washington, D.C.

## **Upcoming Export Control and Other Trade Compliance Conferences**

**Aug. 22 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & Professional Association of Exporters and Importers - Encryption Controls - Milpitas, CA - Crowne Plaza San Jose-Silicon Valley**

**Sept. 17 - U.S. Dept. of Commerce/U.S.Census Bureau - Automated Commercial Environment (ACE) Exports Compliance Seminar - Chicago**

**Sept. 18-19 - U.S. Dept. Commerce/Bureau of Industry and Security(BIS) & The District Export Council of Southern California - Complying with U.S. Export Controls - Los Angeles - Sheraton Gateway Los Angeles Hotel**

**Sept. 24-25 - American Conference Institute - 12th Conference on the Foreign Corrupt Practices Act - San Francisco**

**Sept. 25 - American Conference Institute - National Forum on FARA - Washington DC**

**Sept. 25-26 - American Conference Institute - West Coast Conference on FCPA Enforcement and Compliance - San Francisco - Marines' Memorial Club & Hotel**

**Sept. 25-26 - SMi Group - Defence Exports 2019 - Amsterdam - Ramada Apollo Amsterdam Centre Hotel - Gary Stanley, Editor of Defense and Export-Import Update, will once again chair this important conference.**

**Oct. 2-3 - Canadian Institute - Canadian Forum on Global Economic Sanctions Compliance & Enforcement - Toronto - Sheraton Centre Toronto Hotel**

**Oct. 14 - Chatham House - Global Trade 2019 - London - Chatham House**

**Oct. 15 - American Conference Institute - 5th Asia Pacific Summit on Economic Sanctions Compliance and Enforcement - Singapore**

**Oct. 15 - Michigan District Export Council - Incoterms Rules for Americans - Troy, Michigan - Automation Alley, 2675 Bellingham**

**Oct. 16-17 - American Conference Institute - 8th Asia-Pacific on Anti-Corruption  
Singapore - Singapore**

**Oct. 17 - IDEEA, Inc. - ComDef 2019 - Washington, DC - Ronald Reagan Center - Gary Stanley, Editor of Defense and Export-Import Update, will moderate a panel, Export Control Update, featuring Heidi Grant (Director, DoD/DTSA), Mike Miller (Acting DAS, State/Bureau of Political/Military Affairs), and Matt Borman (Deputy Ass't Secretary of Commerce for Export Administration)**

**Oct. 17 - Chatham House - Illicit Financial Flows 2019 - London - Chatham House**

**Oct. 22-23 - C5 Group - Anti-Corruption France - Paris**

**Oct. 28-29 - Society for International Affairs - 2019 Fall Advanced Conference - Washington, DC - Marriott Wardman Park Hotel**

**Nov. 12 - US Dept. of the Treasury/Office of Foreign Assets Control (OFAC) - 2019 OFAC Symposium - Washington, DC - Walter E. Washington Convention Center**

**Nov. 12-13 - Nielsonsmith - Customs Compliance in Europe 2019 - Düsseldorf, Germany**

**Nov. 19 - C5 Group - European Forum on U.S. Export Controls - Brussels**

**Nov. 20-21 - C5 Group - European U.S. Defence Contracting - Brussels**

**Nov. 20-21 - Nielsonsmith - The European Anti-Corruption Summit - Munich, Germany**

**Dec. 3-4 - C5 Group - 12th Advanced Conference on Customs Compliance - London - St. James' Court, A Taj Hotel**

**Dec. 4-5 - American Conference Institute - 36th International Conference on the Foreign Corrupt Practices Act - Washington, DC**

**Dec. 10-11 - American Conference Institute - 10th Annual New York Forum on Economic Sanctions - New York City**

**Jan. 23-24 - American Conference Institute - AML & OFAC Compliance for the Insurance Industry - New York City**

**Jan. 28-29 - American Conference Institute - 9th Forum on U.S. Export & Re-Export Compliance for Canadian Operations - Toronto - Toronto Airport Marriott Hotel - Gary Stanley, Editor of Defense and Export-Import Update, will once again co-chair this important conference.**

**Jan. 30-31 - American Conference Institute - 14th Forum on the Foreign Corrupt Practices Act - Houston**

**Feb. 5-6 - Nielsonsmith - Export Compliance in Europe - Munich, Germany**

**Feb. 11-12 - Nielsonsmith - European, EU and EU Member State Trade Controls Compliance for North American Companies Summit - Washington, DC**

**Feb. 24-26 - Society for International Affairs - 2020 Winter Back to Basics Conference - Las Vegas - Westin Las Vegas Hotel**

We hope this update proves helpful. If you have questions about any of these developments, please do not hesitate to call us. If you received this free newsletter from a colleague or friend and would like to subscribe directly, please just e-mail your name, title, company, and e-mail address to [gstanley@glstrade.com](mailto:gstanley@glstrade.com).

Cordially yours,

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**From:** Gary Stanley [redacted]@glstrade.com]  
**Sent:** 8/21/2019 2:03:13 PM  
**To:** Matthew Borman [Matthew.Borman@bis.doc.gov]  
**Subject:** Defense and Export-Import Update (Aug. 21, 2019)



**Dear All,**  
**Good Day!**

**Gary Stanley's ECR Tip of the Day: In the U.S. Department of Commerce's Export Administration Regulations (EAR), License Exceptions TMP, RPL, BAG, AVS, GOV, and TSU authorize exports notwithstanding the provisions of the CCL. List-based License Exceptions (LVS, GBS, CIV, TSR, and APP) are available only to the extent specified on the CCL. Some ECCNs contain License Exception STA exclusion paragraphs. Those paragraphs delineate items excluded from the License Exception STA provisions in § 740.20(c)(2) of the EAR. Part 740 of the EAR provides authorization for reexports only to the extent each License Exception expressly authorizes reexports. License Exception APR authorizes reexports only.**

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#### **Upcoming Export Control and Other Trade Compliance Conferences**

### **1. BIS Adds 46 Additional Non-U.S. Affiliates of Huawei to Entity List**

(84 Fed. Reg. 43493) - The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has added forty-six additional non-U.S. affiliates of Huawei to the Entity List because they also pose a significant risk of involvement in activities contrary to the national security or foreign policy interests of the United States. Nineteen of these forty-six affiliated entities are being added to the existing entry for Huawei; the other twenty-seven entities are being added under new, separate entries. This rule also modifies the existing entries for Huawei and three Huawei affiliates in China by moving the three affiliates under the entry for Huawei instead of continuing to list them under separate entries, and by adding one alias and four addresses to the Huawei entry, including the addresses for those three affiliates. The entries for five other existing entries for Huawei affiliates in China, Belgium, and Brazil are also being modified by this rule.

### **2. BIS Extends Validity of Huawei Temporary General License, Clarifies Authorized Transactions, and Changes Certification Statement Requirements**

(84 Fed. Reg. 43487) - On May 22, 2019 at 84 Fed. Reg. 23468, the U.S. Department of Commerce's Bureau of Industry and Security (BIS) published a temporary general license, effective May 20, 2019, that modified the effect of the listing of Huawei Technologies Co., Ltd., and sixty-eight of its non-U.S. affiliates on the Entity List to authorize temporarily engagement in certain transactions, involving the export, reexport, or transfer (in-country) of items subject to the EAR to the 69 listed Huawei entities. The U.S. Government has decided to extend the temporary general license through November 18, 2019. To implement this decision, this final rule revises the temporary general license to remove the expiration date of August 19, 2019, and substitutes the date of November 18, 2019. This final rule also makes certain clarifying changes to the authorized transactions under the temporary general license to improve public understanding. Lastly, this final rule revises the temporary general license by changing which party to the transaction is required to create the certification

statement by requiring that the exporter, reexporter, or transferor obtain a certification statement from the pertinent Huawei listed entity before using the temporary general license. This final rule, as a conforming change for the addition of the additional 46 non-U.S. affiliates of Huawei to the Entity List reported in Item 1 above, revises the temporary general license to include those additional Huawei affiliates within the scope of the temporary general license.

### **3. Man Taken into Custody After Being Charged with Illegally Exporting Prohibited Manufacturing Equipment to Iran**

The U.S. Department of Justice (DOJ) has announced that federal authorities have arrested Mehdi Hashemi, who sometimes used the name "Eddie Hashemi," 46, a dual citizen of the United States and Iran who previously resided in Los Angeles, on charges that he participated in a scheme to ship prohibited items from the United States to Iran, in violation of the International Emergency Economic Powers Act (IEEPA) and U.S. sanctions imposed on the nation. The 21-count indictment outlines a scheme in which Hashemi purchased computer numerical control (CNC) machines and related equipment from suppliers in the United States and Canada, made arrangements to ship the machines to the United Arab Emirates under false and forged invoices and packing lists, and then arranged to forward the machines from the UAE to Iran. Hashemi purchased the machines on behalf of a Tehran-based company identified in the indictment as "Company A," an outfit that claimed to manufacture textiles, medical and automotive components, and spare parts. The indictment outlines illegal shipments of CNC machines and related equipment to the UAE and alleges that Hashemi knew and intended for them to be forwarded to Iran. The indictment also alleges that Hashemi attempted to export CNC machines on several occasions, including two attempts through the Port of Long Beach. Hashemi also is charged with making false statements to federal authorities in 2018 when he lied about his activities, his knowledge of federal export laws and his intention to send the CNC machines to Iran. The indictment charges Hashemi with conspiring to violate IEEPA, violating IEEPA, smuggling, money laundering, unlawful export information activities, and making false statements. A second defendant charged in the indictment – Feroz Khan, of the United Arab Emirates, who allegedly helped to ship CNC machines from the UAE to Iran – is a fugitive.

### **4. Arms Trafficker Convicted in Anti-Aircraft Missiles Scheme and of Other Arms Offenses Sentenced to 30 Years in Prison**

The U.S. Department of Justice (DOJ) has announced that Rami Najm Asad-Ghanem, 53, a black-market arms dealer with a long history of brokering machine guns, rocket-propelled grenades and anti-tank armaments – and who was found guilty last year in a scheme to sell and use surface-to-air missiles – has been sentenced yesterday to 30 years in federal prison. Following a nine-day trial last November, a federal jury found Ghanem guilty of conspiring to use and to transfer missile systems designed to destroy aircraft. The day before his trial started, Ghanem pleaded guilty to six other federal crimes stemming from his arms-trafficking activities, including the unlicensed export of weapons and ammunition, smuggling, money laundering, and unlicensed arms brokering. The evidence presented at last year's trial showed that Ghanem conspired to transfer a wide array of surface-to-air missile systems to customers around the world, including clients in Libya, the United Arab Emirates, Iraq, and the leadership of Hezbollah, a designated foreign terrorist organization. During the trial, prosecutors showed that he conspired to use Russian-made Igla and Strela surface-to-air missile systems by brokering the services of mercenary missile operators to a

militant faction in Libya in 2015. Among other actions, Ghanem negotiated the salaries and terms of service of the mercenary missile operators, coordinated their payment, facilitated their travel to Libya, confirmed their arrival and performance of duties, and offered them a \$50,000 bonus if they were successful in their mission of shooting down airplanes flown by the internationally recognized government of Libya. The U.S. Department of Homeland Security's Homeland Security Investigations (HSI) began the investigation into Ghanem in mid-2014, when a Los Angeles-based company alerted HSI that it had been solicited to provide military equipment to Ghanem. During an undercover operation, an HSI agent developed a relationship with Ghanem, who was seeking to procure a number of armaments – including sniper rifles and night-vision optics. During discussions with the undercover agent, Ghanem affirmed that the transactions were being conducted “illegally” and had to be “under the table.”

## **5. President Trump Signs Presidential Memorandum on Launch of Spacecraft Containing Space Nuclear Systems**

President Donald J. Trump has signed a Presidential Memorandum on the launch of spacecraft containing space nuclear systems. the memorandum updates the process for lunches of such systems, which include radioisotope power systems (RPSs), such as radioisotope thermoelectric generators (RTGs) and radioisotope heater units (RHUs), and fission reactors used for power and propulsion. The Presidential Memorandum states that it is the policy of the United States to develop and use space nuclear systems when such systems safely enable or enhance space exploration or operational capabilities. it sets forth safety guidelines and launch authorization processes.

## **6. DoD/DSCA Notifies Congress of Possible FMS F-16C/D Block 70 Aircraft and Related Equipment and Support to Taiwan**

The U.S. Department of Defense's Defense Security Cooperation Agency (DSCA) has notified the Congress that the Taipei Economic and Cultural Representative Office in the United States (TECRO) has requested to purchase sixty-six (66) F-16C/D Block 70 aircraft; seventy-five (75) F110 General Electric Engines (includes 9 spares); seventy-five (75) Link-16 Systems (includes 9 spares); seventy-five (75) Improved Programmable Display Generators (iPDG) (includes 9 spares); seventy-five (75) APG-83 Active Electronically Scanned Array (AESA) Radars (includes 9 spares); seventy-five (75) Modular Mission Computers 7000AH (includes 9 spares); seventy-five (75) LN-260 Embedded GPS/INS (includes 9 spares); seventy-five (75) M61 Vulcan 20mm Guns (includes 9 spares); one-hundred thirty-eight (138) LAU-129 Multipurpose Launchers; six (6) FMU-139D/B Fuze for Guided Bombs; six (6) FMU-139D/B Inert Fuze for Guided Bombs; six (6) FMU 152 Fuze for Guided Bombs; six (6) MK-82 Filled Inert Bombs for Guided Bombs; and three (3) KMU-572 Joint Direct Attack Munition (JDAM) Tail Kits, GBU-38/54. Also included are seventy-five (75) AN/ALE-47 Countermeasure Dispensers (includes 9 spares); one-hundred twenty (120) ALE-50 towed decoy or equivalent; seventy-five (75) APX-126 Advanced Identification Friend or Foe (includes 9 spares); seventy five (75) AN/ALQ-211 A(V)4 Airborne Integrated Defensive Electronic Warfare Suite (AIDEWS) or equivalent (includes 9 spares); EW Line Replaceable Unit (LRU) and Standard Electronic Module (SEM) spares; one hundred fifty (150) ARC-238 radios (includes 18 spares); Secure Communications and Cryptographic Appliques including seventy-three (73) KIV-78 cryptographic COMSEC devices, and ten (10) AN/PYQ-10 Simple Key Loaders (SKLs) for COMSEC; three (3) Joint Mission Planning Systems (JMPS); twenty-seven (27) Joint Helmet Mounted Cueing Systems (JHMCS) II with

Night Vision Device (NVD) compatibility or Scorpion Hybrid Optical-based Inertial Tracker (HObIT) helmet mounted cueing system with NVD compatibility; seventy (70) NVDs; six (6) NVD spare image intensifier tubes; Cartridge Actuated Devices/Propellant Actuated Devices (CAD/PAD); cartridges; chaff; flares; three (3) each DSU-38A/B Precision Laser Guidance Sensor (PLGS) for GBU-54 Laser Joint Direct Attack Munition (LJDAM) integration; PGU-28A/B 20mm ammunition; telemetry units for integration and test; bomb components; twenty (20) ground debriefing stations; Electronic Combat International Security Assistance Program (ECISAP) support including EW database and Mission Data File (MDF) development (classified/unclassified); communications equipment; classified/unclassified spares, repair, support equipment, test equipment, software delivery/support, personnel training, training equipment, flight/tactics manuals, publications and technical documentation; bomb racks; Organizational, Intermediate and Depot level tooling; Pilot Life Support Equipment (PLSE); Alternate Mission Equipment (AME); ground training devices (including flight and maintenance simulators); containers; development, integration, test and engineering, technical and logistical support of munitions; aircraft ferry; studies and surveys; construction services; U.S. Government and contractor engineering, technical and logistical support services; and other related elements of logistics, program and sustainment support. The total estimated program cost is \$8 billion. The principle contractor will be Lockheed Martin, headquartered in Bethesda, MD. There are no known offset agreements proposed. The purchaser typically requests offsets. Any offset agreement would be defined in negotiations between the purchaser and the contractor(s).

## **7. BIS' Transportation and Related Equipment Technical Advisory Committee to Meet Sept. 4**

(84 Fed. Reg. 43580) - The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that its Transportation and Related Equipment Technical Advisory Committee will meet in open session Wednesday, September 4, 2019, 9:30 AM EDT, at the Herbert C. Hoover Building, Room 3884, 14th Street between Constitution & Pennsylvania Avenues NW, Washington, DC. The open session will also be accessible via teleconference to 20 participants on a first come, first serve basis. To join the conference, submit inquiries to Ms. Yvette Springer at [Yvette.Springer@bis.doc.gov](mailto:Yvette.Springer@bis.doc.gov) no later than August 28, 2019. The agenda for the meeting is as follows:

- Welcome and Introductions.
- Status reports by working group chairs.
- Public Comments and proposals.

## **8. BIS' Materials Technical Advisory Committee to Meet Sept. 5**

(84 Fed. Reg. 43580) - The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that its Materials Technical Advisory Committee will meet in open session Thursday, September 5, 2019, 10:00 AM, at the Herbert C. Hoover Building, Room 3884, 14th Street between Constitution & Pennsylvania Avenues, N.W., Washington, D.C. The open session will also be accessible via teleconference to 20 participants on a first come, first serve basis. To join the conference, submit inquiries to Ms. Yvette Springer at [Yvette.Springer@bis.doc.gov](mailto:Yvette.Springer@bis.doc.gov) no later than August 29, 2019. The agenda for the meeting is as follows:

- Opening Remarks and Introduction.
- Remarks from BIS senior management.
- Report on regime-based activities.
- Public Comments and New Business.

## **9. Advisory Committee of Ex-Im Bank and Ex-Im Bank's Sub-Saharan Africa Advisory Committee to Meet Sept. 11**

(84 Fed. Reg. 43598) - The Export-Import Bank of the United States (Ex-Im Bank) has announced that the Advisory Committee of Ex-Im Bank and Ex-Im Bank's Sub-Saharan Africa Advisory Committee will jointly meet Wednesday, September 11, 2019, 9:30 AM to 1:45 PM, at Ex-Im Bank Headquarters, Main Conference Room, 11th Floor, 811 Vermont Avenue, N.W., Washington, DC 20571. Members of the public wishing to attend should contact India Walker at [external@exim.gov](mailto:external@exim.gov) to be placed on an attendee list. Agenda items include updates for the Advisory Committee members regarding: Ex-Im Bank business and products, committee overview, and Ex-Im Bank potential lapse in authority.

## **10. U.S. Customs and U.S. Census/AES Updates**

- U.S. Customs - CSMS #39442745 - DIS (action code and namespace) PROD deployment is postponed
- U.S. Customs - CSMS #39442875 - Scheduled ACE Reports
- U.S. Customs - International Travelers Should Know of Souvenir Restrictions

## **11. Commerce/Enforcement and Compliance and U.S. International Trade Commission Actions and Votes**

- Commerce/E&C - Carbon and Alloy Steel Cut-To-Length Plate From Japan: Rescission of Antidumping Duty Administrative Review; 2018-2019
- Commerce/E&C - Certain Corrosion-Resistant Steel Products From Taiwan: Initiation of Anti-Circumvention Inquiry on the Antidumping Duty Order
- Commerce/E&C - Corrosion-Resistant Steel Products From the People's Republic of China: Initiation of Anti-Circumvention Inquiries on the Antidumping Duty and Countervailing Duty Orders
- Commerce/E&C - Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes From the Republic of Turkey: Preliminary Results of Countervailing Duty Administrative Review; 2017

- Commerce/E&C - Sodium Sulfate Anhydrous From Canada: Postponement of Preliminary Determination in the Less-Than-Fair-Value Investigation
- USITC - Certain Child Resistant Closures With Slider Devices Having a User Actuated Insertable Torpedo for Selectively Opening the Closures and Slider Devices Therefor: Institution of Investigation
- USITC - Certain Digital Video Receivers and Related Hardware and Software Components: Commission Decision To Review in Part a Summary Determination and To Review in Part a Final Initial Determination; Schedule for Filing Written Submissions on the Issues Under Review and on Remedy, the Public Interest and Bonding
- USITC - Certain Rotating 3-D LiDar Devices and Products Containing the Same (Including Autonomous Vehicles, Unmanned Aerial Vehicles, Industrial Machines, and Robotics), and Components Thereof: Notice of Receipt of Complaint; Solicitation of Comments Relating to the Public Interest
- USITC - Laminated Woven Sacks From China: Determinations That Revocation of the Antidumping and Countervailing Duty Orders Would Be Likely to Lead to Continuation or Recurrence of Material Injury
- USITC - Persulfates From China: Determination That Revocation of the Antidumping Duty Order Would Be Likely to Lead to Continuation or Recurrence of Material Injury
- USITC - Small Diameter Graphite Electrodes from China: Notice of Commission Determination To Conduct a Full Five-Year Review
- USITC - Steel Wire Garment Hangers From China: Determination That Revocation of the Antidumping Duty Order Would Be Likely to Lead to Continuation or Recurrence of Material Injury
- USITC - Vertical Metal File Cabinets From China: Scheduling of the Final Phase of Countervailing Duty and Antidumping Duty Investigations

## **12. GAO and CRS Reports, Testimony, and Correspondence of Interest**

- CRS - Bahrain: Unrest, Security, and U.S. Policy

## **Other Headlines**

## **13. China Threatens Sanctions Over Planned U.S. Sale of Fighter Jets to Taiwan**

WallStreetJournal.com, Aug. 21 - China said it would sanction any U.S. firm involved in a planned \$8 billion sale of advanced fighter jets to Taiwan, in retaliation against what it describes as Washington's attempt to undermine Chinese national security. Beijing's countermeasure against the proposed sale of 66 F-16V fighters isn't expected to have much

impact on the manufacturer, Lockheed Martin Corp. , but it could complicate efforts to resolve the U.S.-China trade dispute. "China will take all necessary measures to safeguard its interests, including the imposition of sanctions against the American companies that participate in this arms sale to Taiwan," Chinese Foreign Ministry spokesman Geng Shuang told reporters Wednesday. . . . Some Trump administration officials have grown concerned in recent months that national-security disputes with China, including arms sales to Taiwan—a separate \$2.2 billion proposed sale of tanks, missiles and other military hardware was approved in July—are souring efforts to secure a trade deal.

#### **14. Wary of China, Pentagon to Launch 'Trusted Capital Marketplace' This Fall**

NationalDefenseMagazine.org, Aug. 20 - To help bolster the industrial base against potential adversaries, the Defense Department is planning to kick-start its "Trusted Capital Marketplace" project this fall, said the undersecretary of defense for acquisition and sustainment Aug. 20. The effort, which the Pentagon announced earlier this year, is in response to growing concerns about foreign nations such as China investing in U.S. companies and how that could affect national security, said Ellen Lord. The goal is to link technology startups with trusted sources of capital. Last year, the Pentagon released a report — "Assessing and Strengthening the Manufacturing and Defense Industrial Base and Supply Chain Resiliency of the United States" — which fulfilled President Donald Trump's Executive Order 13806, Lord noted. "The idea here is that we don't often look down into the fourth, fifth, sixth, seventh layer of our supply chain to understand where we're sole source or where we're dependent on a foreign entity that might not be a trusted source," she said during remarks at the Association for Unmanned Vehicle Systems International's Defense-Protection-Security Conference in Washington, D.C.

#### **15. Inside America's Dysfunctional Trillion-Dollar Fighter-Jet Program**

NewYorkTimes.com, Aug. 21 - On the morning of June 23, 2014, an F-35 burst into flames just moments before its pilot was set to take off on a routine training mission. He heard a loud bang and felt the engine slow as warning indicators began flashing "fire" and other alerts signaled that systems in the plane were shutting down. . . . It was the first major mishap involving a F-35 Joint Strike Fighter, and it couldn't have happened at a worse time. In less than a month, the F-35, America's high-profile next-generation fighter jet, was poised to make its international debut in Britain at Farnborough Airshow, the second-largest event of its kind in the world. . . . Yet even as the program plows forward, unresolved technical have issues continued to emerge. In June, my colleagues and I at Defense News reported that the plane still faced at least 13 severe technical deficiencies during operational testing, including spikes in cabin pressure, some rare instances of structural damage at supersonic speeds and unpredictability while conducting extreme maneuvers — all problems that could affect the pilot's safety or jeopardize a mission's success. At the same time, the F-35s already delivered to squadrons have introduced new complications: On military bases around the United States, the high cost of operating the aircraft, a shortage of spare parts and a challenging new approach to updating the jet's crucial software code have program officials and military leaders urgently looking for solutions.

#### **16. Germany Charges Russian for Violating Trade Embargo**



NewYorkTimes.com & Associate Press, Aug. 21 - Germany's federal prosecutor has charged a Russian citizen for crimes against the foreign trade law because he allegedly exported technology and chemicals to Russia that fall under an embargo. Prosecutors in Karlsruhe said Wednesday that Vladimir D., whose full name and age were not given, exported goods worth 1.832 million euros (\$2.03 million) to Russia between 2014 and 2018. The statement said the suspect exported two hot isostatic presses, which are used in aeronautical and space technology and can also be used by the military, which is why they fall under an embargo.

## **17. BlackRock Unit Gets Approval to Take Russia-Linked Firm's Stake in Cybersecurity Company**

WallStreetJournal.com, Aug. 20 - A national-security panel that oversees foreign investment in U.S. businesses approved the transfer of a stake in cybersecurity company Cofense Inc. from a Russia-linked private-equity firm to funds managed by BlackRock Inc. People familiar with the matter said the Committee on Foreign Investment in the U.S., known as Cfius, gave its approval to the deal on Monday. The clearance removes one of the final obstacles in a protracted sale process that began last year, and concludes an unusual showdown between Cfius and Pamplona Capital Management, a private-equity firm with ties to Russians including the businessman Mikhail Fridman. Cfius ordered Pamplona to sell its minority stake in Cofense after officials raised national-security concerns about the amount of foreign money invested with Pamplona, given the sensitive nature of Cofense's business. Under the terms of the approved deal, no money will change hands now. Pamplona will retain a residual financial interest in the company and will be paid if shares in Cofense are sold in the future, The Wall Street Journal previously reported. The deal is designed to strip Pamplona's foreign backers of any ability to influence Cofense or gain access to sensitive information held by the company, the people familiar with the matter said.

## **18. Trump's Trade War Comes for Consumers: Tariffs Could Cost U.S. Families Up to \$1,000 a Year, JPMorgan Forecasts**

WashingtonPost.com, Aug. 20 - More than a year into the U.S.-China trade war, American consumers are about to find themselves squarely in the crosshairs for the first time, with households estimated to face up to \$1,000 in additional costs each year from tariffs, according to research from JPMorgan Chase. Consumers, whose spending fuels about 70 percent of the U.S. economy, have been largely shielded from previous rounds of tariffs, which have left businesses reeling and upended global supply chains. But that's about to change with the 10 percent levies on roughly \$300 billion in Chinese imports, about a third of which will take effect Sept. 1. Those tariffs will primarily target consumer goods. The effect of these tariffs is so significant that it caused President Trump to publicly acknowledge, for the first time, that American families will bear some of the burden of his trade policies. Amid growing concern that the tariffs could damage the economy, Trump abruptly announced he would delay tariffs on certain popular products such as laptops, footwear and video games — about two-thirds of the impacted items — until mid-December.

## **19. 'You Prepare for War': How One U.S. Firm Tried Escaping Trump's China Tariffs**

Reuters.com, Aug. 20 - When Larry Sloven heard last year that U.S. tariffs threatened his China electronics business, he knew that setting up shop elsewhere would be a slog rather

than an adventure. The 70-year-old had spent half his life building supply chains in southern China to produce goods for big-box U.S. retailers. But he had never reshuffled one on short notice, with tariffs hanging over his head. "It is the hardest thing I've ever had to do in all my 30 years in the business," said Sloven, president of Capstone International HK Ltd, a division of Florida-based Capstone Companies. "You've got packaging, assembling, auditing, labor, overheads, components, logistics, transportation," he said. "I went from first gear to fourth gear very quickly." Sloven, a native of Long Island, New York, cut his teeth in Asia in the 1970s sourcing lighting products from Japan. He then moved to Taiwan and then mainland China, making and sourcing electrical products for AT&T and Duracell, before becoming a buying agent for sporting goods retailer Dick's. He joined Capstone in 2012 to manage its network of Chinese manufacturers from Hong Kong. Rising labor costs and tighter regulations in China had already led him to consider moving the business elsewhere in Asia. But the trade war forced his hand.

## **20. Mexican Tomato Growers Reach Agreement to End U.S. Duties**

WallStreetJournal.com, Aug. 21 - Mexican tomato growers reached a last-minute deal with the U.S. Commerce Department that will suspend an antidumping investigation and remove duties on U.S. imports of Mexican tomatoes in exchange for Mexico raising prices and submitting to inspections. Mexican tomato growers said the agreement was reached minutes before a Tuesday midnight deadline, and now has a 30-day period for comments before taking effect. In May, following complaints last year from U.S. tomato growers, the U.S. Commerce Department terminated a suspension agreement with Mexican producers under which antidumping duties on Mexican tomatoes had been avoided since 1996. The Commerce Department reactivated an antidumping investigation and determined a 25.3% preliminary dumping margin for Mexican tomatoes, above the 17.5% set in 1996. A final determination was due Sept. 19. Once the new agreement goes into effect, imports of Mexican tomatoes will be duty-free, and exporters will be able to recover cash deposits made since May 7, the Mexican growers said.

## **21. Dutch Man Suspected of Illegally Exporting Garbage**

NewYorkTimes.com & Associate Press, Aug. 21 - Dutch authorities have searched two properties and seized a company's business records in an investigation into the alleged illegal export of 12,000 metric tons of garbage. The government's Human Environment and Transport Inspectorate announced the investigation Wednesday, a day after it conducted searches in the southern city of Venlo. The inspectorate says that a suspect is believed to have exported the garbage to countries in Africa and Asia, without the necessary permits. It did not elaborate. The man, whose identity was not released, also is suspected of money laundering.

## **22. Tectonic Shift as NRO Moved Under Space Command in Wartime**

BreakingDefense.com, Aug. 20 - If war in space erupts, the new US Space Command will have the power to order the National Reconnaissance Office (NRO) to take "defensive space operations" under a new joint concept of operations. The new chain of command represents a tectonic plate shift in US national security space, which has long been plagued by often testy relationships between the Intelligence Community and DoD. "For the first time, there will be a unified structure that fully integrates Intelligence Community and Department of Defense space defense plans, authorities and capabilities to ensure seamless execution of

space defense systems," Acting Director of National Intelligence Joseph Maguire told the National Space Council today. "Furthermore, should conflict extend to space, the NRO will take direction from the Commander of US Space Command and execute defensive space operations based on a jointly developed playbook and informed by a series of exercises and war games," Maguire added.

## **23. Marine Corps to Expand Unmanned Systems Arsenal**

NationalDefenseMagazine.org, Aug. 21 - As the Marine Corps looks to purchase new unmanned systems, it is putting a premium on capacity, said the head of the service's Combat Development Command Aug. 20. "We're interested in all platforms — surface, subsurface and aviation," said Lt. Gen. Eric Smith. "[We want] unmanned systems that are truly numerous because there is a quality in quantity in this particular regard. We're looking for things that can do reconnaissance, that can do a radio relay, we're looking for some lethal payloads. But we're looking for numerous" quantities of robotic capabilities. Following the publication of new Marine Corps Commandant Gen. David Berger's Planning Guidance document — which was released last month — the service is now focusing on increasing the number of systems in its inventory, Smith said. "If you read that guidance — and that's the guidance that I'm following as the force developer — it is about how do we produce enough bulk, enough number, ... enough capacity that I can actually inflict a dilemma on the enemy" by forcing adversaries to contend with a large number of unmanned Marine Corps platforms, he said during remarks at the Association for Unmanned Vehicle Systems International's Defense-Protection-Security Conference in Washington, D.C.

## **Upcoming Export Control and Other Trade Compliance Conferences**

**Aug. 22 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & Professional Association of Exporters and Importers - Encryption Controls - Milpitas, CA - Crowne Plaza San Jose-Silicon Valley**

**Sept. 17 - U.S. Dept. of Commerce/U.S.Census Bureau - Automated Commercial Environment (ACE) Exports Compliance Seminar - Chicago**

**Sept. 18-19 - U.S. Dept. Commerce/Bureau of Industry and Security(BIS) & The District Export Council of Southern California - Complying with U.S. Export Controls - Los Angeles - Sheraton Gateway Los Angeles Hotel**

**Sept. 24-25 - American Conference Institute - 12th Conference on the Foreign Corrupt Practices Act - San Francisco**

**Sept. 25 - American Conference Institute - National Forum on FARA - Washington DC**

**Sept. 25-26 - American Conference Institute - West Coast Conference on FCPA Enforcement and Compliance - San Francisco - Marines' Memorial Club & Hotel**

**Sept. 25-26 - SMi Group - Defence Exports 2019 - Amsterdam - Ramada Apollo Amsterdam Centre Hotel - Gary Stanley, Editor of Defense and Export-Import Update, will once again chair this important conference.**

**Oct. 2-3 - Canadian Institute - Canadian Forum on Global Economic Sanctions Compliance & Enforcement - Toronto - Sheraton Centre Toronto Hotel**

**Oct. 14 - Chatham House - Global Trade 2019 - London - Chatham House**

**Oct. 15 - American Conference Institute - 5th Asia Pacific Summit on Economic Sanctions Compliance and Enforcement - Singapore**

**Oct. 15 - Michigan District Export Council - Incoterms Rules for Americans - Troy, Michigan - Automation Alley, 2675 Bellingham**

**Oct. 16-17 - American Conference Institute - 8th Asia-Pacific on Anti-Corruption  
Singapore - Singapore**

**Oct. 17 - IDEEA, Inc. - ComDef 2019 - Washington, DC - Ronald Reagan Center - Gary Stanley, Editor of Defense and Export-Import Update, will moderate a panel, Export Control Update, featuring Heidi Grant (Director, DoD/DTSA), Mike Miller (Acting DAS, State/Bureau of Political/Military Affairs), and Matt Borman (Deputy Ass't Secretary of Commerce for Export Administration)**

**Oct. 17 - Chatham House - Illicit Financial Flows 2019 - London - Chatham House**

**Oct. 22-23 - C5 Group - Anti-Corruption France - Paris**

**Oct. 28-29 - Society for International Affairs - 2019 Fall Advanced Conference - Washington, DC - Marriott Wardman Park Hotel**

**Nov. 12 - US Dept. of the Treasury/Office of Foreign Assets Control (OFAC) - 2019 OFAC Symposium - Washington, DC - Walter E. Washington Convention Center**

**Nov. 12-13 - Nielsonsmith - Customs Compliance in Europe 2019 - Düsseldorf, Germany**

**Nov. 19 - C5 Group - European Forum on U.S. Export Controls - Brussels**

**Nov. 20-21 - C5 Group - European U.S. Defence Contracting - Brussels**

**Nov. 20-21 - Nielsonsmith - The European Anti-Corruption Summit - Munich, Germany**

**Dec. 3-4 - C5 Group - 12th Advanced Conference on Customs Compliance - London - St. James' Court, A Taj Hotel**

**Dec. 4-5 - American Conference Institute - 36th International Conference on the Foreign Corrupt Practices Act - Washington, DC**

**Dec. 10-11 - American Conference Institute - 10th Annual New York Forum on Economic Sanctions - New York City**

**Jan. 23-24 - American Conference Institute - AML & OFAC Compliance for the Insurance Industry - New York City**

**Jan. 28-29 - American Conference Institute - 9th Forum on U.S. Export & Re-Export Compliance for Canadian Operations - Toronto - Toronto Airport Marriott Hotel - Gary Stanley, Editor of Defense and Export-Import Update, will once again co-chair this important conference.**

**Jan. 30-31 - American Conference Institute - 14th Forum on the Foreign Corrupt Practices Act - Houston**

**Feb. 5-6 - Nielsonsmith - Export Compliance in Europe - Munich, Germany**

**Feb. 11-12 - Nielsonsmith - European, EU and EU Member State Trade Controls Compliance for North American Companies Summit - Washington, DC**

**Feb. 24-26 - Society for International Affairs - 2020 Winter Back to Basics Conference - Las Vegas - Westin Las Vegas Hotel**

We hope this update proves helpful. If you have questions about any of these developments, please do not hesitate to call us. If you received this free newsletter from a colleague or friend and would like to subscribe directly, please just e-mail your name, title, company, and e-mail address to [gstanley@glstrade.com](mailto:gstanley@glstrade.com).

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**From:** Gary Stanley [REDACTED]@glstrade.com]  
**Sent:** 8/21/2019 2:03:13 PM  
**To:** Mira Ricardel [Mira.Ricardel@bis.doc.gov]  
**Subject:** Defense and Export-Import Update (Aug. 21, 2019)



**Dear All,**  
**Good Day!**

**Gary Stanley's ECR Tip of the Day: In the U.S. Department of Commerce's Export Administration Regulations (EAR), License Exceptions TMP, RPL, BAG, AVS, GOV, and TSU authorize exports notwithstanding the provisions of the CCL. List-based License Exceptions (LVS, GBS, CIV, TSR, and APP) are available only to the extent specified on the CCL. Some ECCNs contain License Exception STA exclusion paragraphs. Those paragraphs delineate items excluded from the License Exception STA provisions in § 740.20(c)(2) of the EAR. Part 740 of the EAR provides authorization for reexports only to the extent each License Exception expressly authorizes reexports. License Exception APR authorizes reexports only.**

**Today's Items:**

- 1. BIS Adds 46 Additional Non-U.S. Affiliates of Huawei to Entity List**
- 2. BIS Extends Validity of Huawei Temporary General License, Clarifies Authorized Transactions, and Changes Certification Statement Requirements**
- 3. Man Taken into Custody After Being Charged with Illegally Exporting Prohibited Manufacturing Equipment to Iran**
- 4. Arms Trafficker Convicted in Anti-Aircraft Missiles Scheme and of Other Arms Offenses Sentenced to 30 Years in Prison**
- 5. President Trump Signs Presidential Memorandum on Launch of Spacecraft Containing Space Nuclear Systems**
- 6. DoD/DSCA Notifies Congress of Possible FMS F-16C/D Block 70 Aircraft and Related Equipment and Support to Taiwan**
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- 8. BIS' Materials Technical Advisory Committee to Meet Sept. 5**
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- 14. Wary of China, Pentagon to Launch 'Trusted Capital Marketplace' This Fall**
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- 19. 'You Prepare for War': How One U.S. Firm Tried Escaping Trump's China Tariffs**
- 20. Mexican Tomato Growers Reach Agreement to End U.S. Duties**
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- 22. Tectonic Shift as NRO Moved Under Space Command in Wartime**
- 23. Marine Corps to Expand Unmanned Systems Arsenal**

#### **Upcoming Export Control and Other Trade Compliance Conferences**

### **1. BIS Adds 46 Additional Non-U.S. Affiliates of Huawei to Entity List**

(84 Fed. Reg. 43493) - The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has added forty-six additional non-U.S. affiliates of Huawei to the Entity List because they also pose a significant risk of involvement in activities contrary to the national security or foreign policy interests of the United States. Nineteen of these forty-six affiliated entities are being added to the existing entry for Huawei; the other twenty-seven entities are being added under new, separate entries. This rule also modifies the existing entries for Huawei and three Huawei affiliates in China by moving the three affiliates under the entry for Huawei instead of continuing to list them under separate entries, and by adding one alias and four addresses to the Huawei entry, including the addresses for those three affiliates. The entries for five other existing entries for Huawei affiliates in China, Belgium, and Brazil are also being modified by this rule.

### **2. BIS Extends Validity of Huawei Temporary General License, Clarifies Authorized Transactions, and Changes Certification Statement Requirements**

(84 Fed. Reg. 43487) - On May 22, 2019 at 84 Fed. Reg. 23468, the U.S. Department of Commerce's Bureau of Industry and Security (BIS) published a temporary general license, effective May 20, 2019, that modified the effect of the listing of Huawei Technologies Co., Ltd., and sixty-eight of its non-U.S. affiliates on the Entity List to authorize temporarily engagement in certain transactions, involving the export, reexport, or transfer (in-country) of items subject to the EAR to the 69 listed Huawei entities. The U.S. Government has decided to extend the temporary general license through November 18, 2019. To implement this decision, this final rule revises the temporary general license to remove the expiration date of August 19, 2019, and substitutes the date of November 18, 2019. This final rule also makes certain clarifying changes to the authorized transactions under the temporary general license to improve public understanding. Lastly, this final rule revises the temporary general license by changing which party to the transaction is required to create the certification

statement by requiring that the exporter, reexporter, or transferor obtain a certification statement from the pertinent Huawei listed entity before using the temporary general license. This final rule, as a conforming change for the addition of the additional 46 non-U.S. affiliates of Huawei to the Entity List reported in Item 1 above, revises the temporary general license to include those additional Huawei affiliates within the scope of the temporary general license.

### **3. Man Taken into Custody After Being Charged with Illegally Exporting Prohibited Manufacturing Equipment to Iran**

The U.S. Department of Justice (DOJ) has announced that federal authorities have arrested Mehdi Hashemi, who sometimes used the name "Eddie Hashemi," 46, a dual citizen of the United States and Iran who previously resided in Los Angeles, on charges that he participated in a scheme to ship prohibited items from the United States to Iran, in violation of the International Emergency Economic Powers Act (IEEPA) and U.S. sanctions imposed on the nation. The 21-count indictment outlines a scheme in which Hashemi purchased computer numerical control (CNC) machines and related equipment from suppliers in the United States and Canada, made arrangements to ship the machines to the United Arab Emirates under false and forged invoices and packing lists, and then arranged to forward the machines from the UAE to Iran. Hashemi purchased the machines on behalf of a Tehran-based company identified in the indictment as "Company A," an outfit that claimed to manufacture textiles, medical and automotive components, and spare parts. The indictment outlines illegal shipments of CNC machines and related equipment to the UAE and alleges that Hashemi knew and intended for them to be forwarded to Iran. The indictment also alleges that Hashemi attempted to export CNC machines on several occasions, including two attempts through the Port of Long Beach. Hashemi also is charged with making false statements to federal authorities in 2018 when he lied about his activities, his knowledge of federal export laws and his intention to send the CNC machines to Iran. The indictment charges Hashemi with conspiring to violate IEEPA, violating IEEPA, smuggling, money laundering, unlawful export information activities, and making false statements. A second defendant charged in the indictment – Feroz Khan, of the United Arab Emirates, who allegedly helped to ship CNC machines from the UAE to Iran – is a fugitive.

### **4. Arms Trafficker Convicted in Anti-Aircraft Missiles Scheme and of Other Arms Offenses Sentenced to 30 Years in Prison**

The U.S. Department of Justice (DOJ) has announced that Rami Najm Asad-Ghanem, 53, a black-market arms dealer with a long history of brokering machine guns, rocket-propelled grenades and anti-tank armaments – and who was found guilty last year in a scheme to sell and use surface-to-air missiles – has been sentenced yesterday to 30 years in federal prison. Following a nine-day trial last November, a federal jury found Ghanem guilty of conspiring to use and to transfer missile systems designed to destroy aircraft. The day before his trial started, Ghanem pleaded guilty to six other federal crimes stemming from his arms-trafficking activities, including the unlicensed export of weapons and ammunition, smuggling, money laundering, and unlicensed arms brokering. The evidence presented at last year's trial showed that Ghanem conspired to transfer a wide array of surface-to-air missile systems to customers around the world, including clients in Libya, the United Arab Emirates, Iraq, and the leadership of Hezbollah, a designated foreign terrorist organization. During the trial, prosecutors showed that he conspired to use Russian-made Igla and Strela surface-to-air missile systems by brokering the services of mercenary missile operators to a



militant faction in Libya in 2015. Among other actions, Ghanem negotiated the salaries and terms of service of the mercenary missile operators, coordinated their payment, facilitated their travel to Libya, confirmed their arrival and performance of duties, and offered them a \$50,000 bonus if they were successful in their mission of shooting down airplanes flown by the internationally recognized government of Libya. The U.S. Department of Homeland Security's Homeland Security Investigations (HSI) began the investigation into Ghanem in mid-2014, when a Los Angeles-based company alerted HSI that it had been solicited to provide military equipment to Ghanem. During an undercover operation, an HSI agent developed a relationship with Ghanem, who was seeking to procure a number of armaments – including sniper rifles and night-vision optics. During discussions with the undercover agent, Ghanem affirmed that the transactions were being conducted “illegally” and had to be “under the table.”

## **5. President Trump Signs Presidential Memorandum on Launch of Spacecraft Containing Space Nuclear Systems**

President Donald J. Trump has signed a Presidential Memorandum on the launch of spacecraft containing space nuclear systems. the memorandum updates the process for lunches of such systems, which include radioisotope power systems (RPSs), such as radioisotope thermoelectric generators (RTGs) and radioisotope heater units (RHUs), and fission reactors used for power and propulsion. The Presidential Memorandum states that it is the policy of the United States to develop and use space nuclear systems when such systems safely enable or enhance space exploration or operational capabilities. it sets forth safety guidelines and launch authorization processes.

## **6. DoD/DSCA Notifies Congress of Possible FMS F-16C/D Block 70 Aircraft and Related Equipment and Support to Taiwan**

The U.S. Department of Defense's Defense Security Cooperation Agency (DSCA) has notified the Congress that the Taipei Economic and Cultural Representative Office in the United States (TECRO) has requested to purchase sixty-six (66) F-16C/D Block 70 aircraft; seventy-five (75) F110 General Electric Engines (includes 9 spares); seventy-five (75) Link-16 Systems (includes 9 spares); seventy-five (75) Improved Programmable Display Generators (iPDG) (includes 9 spares); seventy-five (75) APG-83 Active Electronically Scanned Array (AESA) Radars (includes 9 spares); seventy-five (75) Modular Mission Computers 7000AH (includes 9 spares); seventy-five (75) LN-260 Embedded GPS/INS (includes 9 spares); seventy-five (75) M61 Vulcan 20mm Guns (includes 9 spares); one-hundred thirty-eight (138) LAU-129 Multipurpose Launchers; six (6) FMU-139D/B Fuze for Guided Bombs; six (6) FMU-139D/B Inert Fuze for Guided Bombs; six (6) FMU 152 Fuze for Guided Bombs; six (6) MK-82 Filled Inert Bombs for Guided Bombs; and three (3) KMU-572 Joint Direct Attack Munition (JDAM) Tail Kits, GBU-38/54. Also included are seventy-five (75) AN/ALE-47 Countermeasure Dispensers (includes 9 spares); one-hundred twenty (120) ALE-50 towed decoy or equivalent; seventy-five (75) APX-126 Advanced Identification Friend or Foe (includes 9 spares); seventy five (75) AN/ALQ-211 A(V)4 Airborne Integrated Defensive Electronic Warfare Suite (AIDEWS) or equivalent (includes 9 spares); EW Line Replaceable Unit (LRU) and Standard Electronic Module (SEM) spares; one hundred fifty (150) ARC-238 radios (includes 18 spares); Secure Communications and Cryptographic Appliques including seventy-three (73) KIV-78 cryptographic COMSEC devices, and ten (10) AN/PYQ-10 Simple Key Loaders (SKLs) for COMSEC; three (3) Joint Mission Planning Systems (JMPS); twenty-seven (27) Joint Helmet Mounted Cueing Systems (JHMCS) II with

Night Vision Device (NVD) compatibility or Scorpion Hybrid Optical-based Inertial Tracker (HObIT) helmet mounted cueing system with NVD compatibility; seventy (70) NVDs; six (6) NVD spare image intensifier tubes; Cartridge Actuated Devices/Propellant Actuated Devices (CAD/PAD); cartridges; chaff; flares; three (3) each DSU-38A/B Precision Laser Guidance Sensor (PLGS) for GBU-54 Laser Joint Direct Attack Munition (LJDAM) integration; PGU-28A/B 20mm ammunition; telemetry units for integration and test; bomb components; twenty (20) ground debriefing stations; Electronic Combat International Security Assistance Program (ECISAP) support including EW database and Mission Data File (MDF) development (classified/unclassified); communications equipment; classified/unclassified spares, repair, support equipment, test equipment, software delivery/support, personnel training, training equipment, flight/tactics manuals, publications and technical documentation; bomb racks; Organizational, Intermediate and Depot level tooling; Pilot Life Support Equipment (PLSE); Alternate Mission Equipment (AME); ground training devices (including flight and maintenance simulators); containers; development, integration, test and engineering, technical and logistical support of munitions; aircraft ferry; studies and surveys; construction services; U.S. Government and contractor engineering, technical and logistical support services; and other related elements of logistics, program and sustainment support. The total estimated program cost is \$8 billion. The principle contractor will be Lockheed Martin, headquartered in Bethesda, MD. There are no known offset agreements proposed. The purchaser typically requests offsets. Any offset agreement would be defined in negotiations between the purchaser and the contractor(s).

## **7. BIS' Transportation and Related Equipment Technical Advisory Committee to Meet Sept. 4**

(84 Fed. Reg. 43580) - The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that its Transportation and Related Equipment Technical Advisory Committee will meet in open session Wednesday, September 4, 2019, 9:30 AM EDT, at the Herbert C. Hoover Building, Room 3884, 14th Street between Constitution & Pennsylvania Avenues NW, Washington, DC. The open session will also be accessible via teleconference to 20 participants on a first come, first serve basis. To join the conference, submit inquiries to Ms. Yvette Springer at [Yvette.Springer@bis.doc.gov](mailto:Yvette.Springer@bis.doc.gov) no later than August 28, 2019. The agenda for the meeting is as follows:

- Welcome and Introductions.
- Status reports by working group chairs.
- Public Comments and proposals.

## **8. BIS' Materials Technical Advisory Committee to Meet Sept. 5**

(84 Fed. Reg. 43580) - The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that its Materials Technical Advisory Committee will meet in open session Thursday, September 5, 2019, 10:00 AM, at the Herbert C. Hoover Building, Room 3884, 14th Street between Constitution & Pennsylvania Avenues, N.W., Washington, D.C. The open session will also be accessible via teleconference to 20 participants on a first come, first serve basis. To join the conference, submit inquiries to Ms. Yvette Springer at [Yvette.Springer@bis.doc.gov](mailto:Yvette.Springer@bis.doc.gov) no later than August 29, 2019. The agenda for the meeting is as follows:

- Opening Remarks and Introduction.
- Remarks from BIS senior management.
- Report on regime-based activities.
- Public Comments and New Business.

## **9. Advisory Committee of Ex-Im Bank and Ex-Im Bank's Sub-Saharan Africa Advisory Committee to Meet Sept. 11**

(84 Fed. Reg. 43598) - The Export-Import Bank of the United States (Ex-Im Bank) has announced that the Advisory Committee of Ex-Im Bank and Ex-Im Bank's Sub-Saharan Africa Advisory Committee will jointly meet Wednesday, September 11, 2019, 9:30 AM to 1:45 PM, at Ex-Im Bank Headquarters, Main Conference Room, 11th Floor, 811 Vermont Avenue, N.W., Washington, DC 20571. Members of the public wishing to attend should contact India Walker at [external@exim.gov](mailto:external@exim.gov) to be placed on an attendee list. Agenda items include updates for the Advisory Committee members regarding: Ex-Im Bank business and products, committee overview, and Ex-Im Bank potential lapse in authority.

## **10. U.S. Customs and U.S. Census/AES Updates**

- U.S. Customs - CSMS #39442745 - DIS (action code and namespace) PROD deployment is postponed
- U.S. Customs - CSMS #39442875 - Scheduled ACE Reports
- U.S. Customs - International Travelers Should Know of Souvenir Restrictions

## **11. Commerce/Enforcement and Compliance and U.S. International Trade Commission Actions and Votes**

- Commerce/E&C - Carbon and Alloy Steel Cut-To-Length Plate From Japan: Rescission of Antidumping Duty Administrative Review; 2018-2019
- Commerce/E&C - Certain Corrosion-Resistant Steel Products From Taiwan: Initiation of Anti-Circumvention Inquiry on the Antidumping Duty Order
- Commerce/E&C - Corrosion-Resistant Steel Products From the People's Republic of China: Initiation of Anti-Circumvention Inquiries on the Antidumping Duty and Countervailing Duty Orders
- Commerce/E&C - Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes From the Republic of Turkey: Preliminary Results of Countervailing Duty Administrative Review; 2017

- Commerce/E&C - Sodium Sulfate Anhydrous From Canada: Postponement of Preliminary Determination in the Less-Than-Fair-Value Investigation
- USITC - Certain Child Resistant Closures With Slider Devices Having a User Actuated Insertable Torpedo for Selectively Opening the Closures and Slider Devices Therefor: Institution of Investigation
- USITC - Certain Digital Video Receivers and Related Hardware and Software Components: Commission Decision To Review in Part a Summary Determination and To Review in Part a Final Initial Determination; Schedule for Filing Written Submissions on the Issues Under Review and on Remedy, the Public Interest and Bonding
- USITC - Certain Rotating 3-D LiDar Devices and Products Containing the Same (Including Autonomous Vehicles, Unmanned Aerial Vehicles, Industrial Machines, and Robotics), and Components Thereof: Notice of Receipt of Complaint; Solicitation of Comments Relating to the Public Interest
- USITC - Laminated Woven Sacks From China: Determinations That Revocation of the Antidumping and Countervailing Duty Orders Would Be Likely to Lead to Continuation or Recurrence of Material Injury
- USITC - Persulfates From China: Determination That Revocation of the Antidumping Duty Order Would Be Likely to Lead to Continuation or Recurrence of Material Injury
- USITC - Small Diameter Graphite Electrodes from China: Notice of Commission Determination To Conduct a Full Five-Year Review
- USITC - Steel Wire Garment Hangers From China: Determination That Revocation of the Antidumping Duty Order Would Be Likely to Lead to Continuation or Recurrence of Material Injury
- USITC - Vertical Metal File Cabinets From China: Scheduling of the Final Phase of Countervailing Duty and Antidumping Duty Investigations

## **12. GAO and CRS Reports, Testimony, and Correspondence of Interest**

- CRS - Bahrain: Unrest, Security, and U.S. Policy

## **Other Headlines**

## **13. China Threatens Sanctions Over Planned U.S. Sale of Fighter Jets to Taiwan**

WallStreetJournal.com, Aug. 21 - China said it would sanction any U.S. firm involved in a planned \$8 billion sale of advanced fighter jets to Taiwan, in retaliation against what it describes as Washington's attempt to undermine Chinese national security. Beijing's countermeasure against the proposed sale of 66 F-16V fighters isn't expected to have much

impact on the manufacturer, Lockheed Martin Corp. , but it could complicate efforts to resolve the U.S.-China trade dispute. "China will take all necessary measures to safeguard its interests, including the imposition of sanctions against the American companies that participate in this arms sale to Taiwan," Chinese Foreign Ministry spokesman Geng Shuang told reporters Wednesday. . . . Some Trump administration officials have grown concerned in recent months that national-security disputes with China, including arms sales to Taiwan—a separate \$2.2 billion proposed sale of tanks, missiles and other military hardware was approved in July—are souring efforts to secure a trade deal.

#### **14. Wary of China, Pentagon to Launch 'Trusted Capital Marketplace' This Fall**

NationalDefenseMagazine.org, Aug. 20 - To help bolster the industrial base against potential adversaries, the Defense Department is planning to kick-start its "Trusted Capital Marketplace" project this fall, said the undersecretary of defense for acquisition and sustainment Aug. 20. The effort, which the Pentagon announced earlier this year, is in response to growing concerns about foreign nations such as China investing in U.S. companies and how that could affect national security, said Ellen Lord. The goal is to link technology startups with trusted sources of capital. Last year, the Pentagon released a report — "Assessing and Strengthening the Manufacturing and Defense Industrial Base and Supply Chain Resiliency of the United States" — which fulfilled President Donald Trump's Executive Order 13806, Lord noted. "The idea here is that we don't often look down into the fourth, fifth, sixth, seventh layer of our supply chain to understand where we're sole source or where we're dependent on a foreign entity that might not be a trusted source," she said during remarks at the Association for Unmanned Vehicle Systems International's Defense-Protection-Security Conference in Washington, D.C.

#### **15. Inside America's Dysfunctional Trillion-Dollar Fighter-Jet Program**

NewYorkTimes.com, Aug. 21 - On the morning of June 23, 2014, an F-35 burst into flames just moments before its pilot was set to take off on a routine training mission. He heard a loud bang and felt the engine slow as warning indicators began flashing "fire" and other alerts signaled that systems in the plane were shutting down. . . . It was the first major mishap involving a F-35 Joint Strike Fighter, and it couldn't have happened at a worse time. In less than a month, the F-35, America's high-profile next-generation fighter jet, was poised to make its international debut in Britain at Farnborough Airshow, the second-largest event of its kind in the world. . . . Yet even as the program plows forward, unresolved technical have issues continued to emerge. In June, my colleagues and I at Defense News reported that the plane still faced at least 13 severe technical deficiencies during operational testing, including spikes in cabin pressure, some rare instances of structural damage at supersonic speeds and unpredictability while conducting extreme maneuvers — all problems that could affect the pilot's safety or jeopardize a mission's success. At the same time, the F-35s already delivered to squadrons have introduced new complications: On military bases around the United States, the high cost of operating the aircraft, a shortage of spare parts and a challenging new approach to updating the jet's crucial software code have program officials and military leaders urgently looking for solutions.

#### **16. Germany Charges Russian for Violating Trade Embargo**

NewYorkTimes.com & Associate Press, Aug. 21 - Germany's federal prosecutor has charged a Russian citizen for crimes against the foreign trade law because he allegedly exported technology and chemicals to Russia that fall under an embargo. Prosecutors in Karlsruhe said Wednesday that Vladimir D., whose full name and age were not given, exported goods worth 1.832 million euros (\$2.03 million) to Russia between 2014 and 2018. The statement said the suspect exported two hot isostatic presses, which are used in aeronautical and space technology and can also be used by the military, which is why they fall under an embargo.

## **17. BlackRock Unit Gets Approval to Take Russia-Linked Firm's Stake in Cybersecurity Company**

WallStreetJournal.com, Aug. 20 - A national-security panel that oversees foreign investment in U.S. businesses approved the transfer of a stake in cybersecurity company Cofense Inc. from a Russia-linked private-equity firm to funds managed by BlackRock Inc. People familiar with the matter said the Committee on Foreign Investment in the U.S., known as Cfius, gave its approval to the deal on Monday. The clearance removes one of the final obstacles in a protracted sale process that began last year, and concludes an unusual showdown between Cfius and Pamplona Capital Management, a private-equity firm with ties to Russians including the businessman Mikhail Fridman. Cfius ordered Pamplona to sell its minority stake in Cofense after officials raised national-security concerns about the amount of foreign money invested with Pamplona, given the sensitive nature of Cofense's business. Under the terms of the approved deal, no money will change hands now. Pamplona will retain a residual financial interest in the company and will be paid if shares in Cofense are sold in the future, The Wall Street Journal previously reported. The deal is designed to strip Pamplona's foreign backers of any ability to influence Cofense or gain access to sensitive information held by the company, the people familiar with the matter said.

## **18. Trump's Trade War Comes for Consumers: Tariffs Could Cost U.S. Families Up to \$1,000 a Year, JPMorgan Forecasts**

WashingtonPost.com, Aug. 20 - More than a year into the U.S.-China trade war, American consumers are about to find themselves squarely in the crosshairs for the first time, with households estimated to face up to \$1,000 in additional costs each year from tariffs, according to research from JPMorgan Chase. Consumers, whose spending fuels about 70 percent of the U.S. economy, have been largely shielded from previous rounds of tariffs, which have left businesses reeling and upended global supply chains. But that's about to change with the 10 percent levies on roughly \$300 billion in Chinese imports, about a third of which will take effect Sept. 1. Those tariffs will primarily target consumer goods. The effect of these tariffs is so significant that it caused President Trump to publicly acknowledge, for the first time, that American families will bear some of the burden of his trade policies. Amid growing concern that the tariffs could damage the economy, Trump abruptly announced he would delay tariffs on certain popular products such as laptops, footwear and video games — about two-thirds of the impacted items — until mid-December.

## **19. 'You Prepare for War': How One U.S. Firm Tried Escaping Trump's China Tariffs**

Reuters.com, Aug. 20 - When Larry Sloven heard last year that U.S. tariffs threatened his China electronics business, he knew that setting up shop elsewhere would be a slog rather

than an adventure. The 70-year-old had spent half his life building supply chains in southern China to produce goods for big-box U.S. retailers. But he had never reshuffled one on short notice, with tariffs hanging over his head. "It is the hardest thing I've ever had to do in all my 30 years in the business," said Sloven, president of Capstone International HK Ltd, a division of Florida-based Capstone Companies. "You've got packaging, assembling, auditing, labor, overheads, components, logistics, transportation," he said. "I went from first gear to fourth gear very quickly." Sloven, a native of Long Island, New York, cut his teeth in Asia in the 1970s sourcing lighting products from Japan. He then moved to Taiwan and then mainland China, making and sourcing electrical products for AT&T and Duracell, before becoming a buying agent for sporting goods retailer Dick's. He joined Capstone in 2012 to manage its network of Chinese manufacturers from Hong Kong. Rising labor costs and tighter regulations in China had already led him to consider moving the business elsewhere in Asia. But the trade war forced his hand.

## **20. Mexican Tomato Growers Reach Agreement to End U.S. Duties**

WallStreetJournal.com, Aug. 21 - Mexican tomato growers reached a last-minute deal with the U.S. Commerce Department that will suspend an antidumping investigation and remove duties on U.S. imports of Mexican tomatoes in exchange for Mexico raising prices and submitting to inspections. Mexican tomato growers said the agreement was reached minutes before a Tuesday midnight deadline, and now has a 30-day period for comments before taking effect. In May, following complaints last year from U.S. tomato growers, the U.S. Commerce Department terminated a suspension agreement with Mexican producers under which antidumping duties on Mexican tomatoes had been avoided since 1996. The Commerce Department reactivated an antidumping investigation and determined a 25.3% preliminary dumping margin for Mexican tomatoes, above the 17.5% set in 1996. A final determination was due Sept. 19. Once the new agreement goes into effect, imports of Mexican tomatoes will be duty-free, and exporters will be able to recover cash deposits made since May 7, the Mexican growers said.

## **21. Dutch Man Suspected of Illegally Exporting Garbage**

NewYorkTimes.com & Associate Press, Aug. 21 - Dutch authorities have searched two properties and seized a company's business records in an investigation into the alleged illegal export of 12,000 metric tons of garbage. The government's Human Environment and Transport Inspectorate announced the investigation Wednesday, a day after it conducted searches in the southern city of Venlo. The inspectorate says that a suspect is believed to have exported the garbage to countries in Africa and Asia, without the necessary permits. It did not elaborate. The man, whose identity was not released, also is suspected of money laundering.

## **22. Tectonic Shift as NRO Moved Under Space Command in Wartime**

BreakingDefense.com, Aug. 20 - If war in space erupts, the new US Space Command will have the power to order the National Reconnaissance Office (NRO) to take "defensive space operations" under a new joint concept of operations. The new chain of command represents a tectonic plate shift in US national security space, which has long been plagued by often testy relationships between the Intelligence Community and DoD. "For the first time, there will be a unified structure that fully integrates Intelligence Community and Department of Defense space defense plans, authorities and capabilities to ensure seamless execution of

space defense systems," Acting Director of National Intelligence Joseph Maguire told the National Space Council today. "Furthermore, should conflict extend to space, the NRO will take direction from the Commander of US Space Command and execute defensive space operations based on a jointly developed playbook and informed by a series of exercises and war games," Maguire added.

## **23. Marine Corps to Expand Unmanned Systems Arsenal**

NationalDefenseMagazine.org, Aug. 21 - As the Marine Corps looks to purchase new unmanned systems, it is putting a premium on capacity, said the head of the service's Combat Development Command Aug. 20. "We're interested in all platforms — surface, subsurface and aviation," said Lt. Gen. Eric Smith. "[We want] unmanned systems that are truly numerous because there is a quality in quantity in this particular regard. We're looking for things that can do reconnaissance, that can do a radio relay, we're looking for some lethal payloads. But we're looking for numerous" quantities of robotic capabilities. Following the publication of new Marine Corps Commandant Gen. David Berger's Planning Guidance document — which was released last month — the service is now focusing on increasing the number of systems in its inventory, Smith said. "If you read that guidance — and that's the guidance that I'm following as the force developer — it is about how do we produce enough bulk, enough number, ... enough capacity that I can actually inflict a dilemma on the enemy" by forcing adversaries to contend with a large number of unmanned Marine Corps platforms, he said during remarks at the Association for Unmanned Vehicle Systems International's Defense-Protection-Security Conference in Washington, D.C.

## **Upcoming Export Control and Other Trade Compliance Conferences**

**Aug. 22 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & Professional Association of Exporters and Importers - Encryption Controls - Milpitas, CA - Crowne Plaza San Jose-Silicon Valley**

**Sept. 17 - U.S. Dept. of Commerce/U.S.Census Bureau - Automated Commercial Environment (ACE) Exports Compliance Seminar - Chicago**

**Sept. 18-19 - U.S. Dept. Commerce/Bureau of Industry and Security(BIS) & The District Export Council of Southern California - Complying with U.S. Export Controls - Los Angeles - Sheraton Gateway Los Angeles Hotel**

**Sept. 24-25 - American Conference Institute - 12th Conference on the Foreign Corrupt Practices Act - San Francisco**

**Sept. 25 - American Conference Institute - National Forum on FARA - Washington DC**

**Sept. 25-26 - American Conference Institute - West Coast Conference on FCPA Enforcement and Compliance - San Francisco - Marines' Memorial Club & Hotel**

**Sept. 25-26 - SMi Group - Defence Exports 2019 - Amsterdam - Ramada Apollo Amsterdam Centre Hotel - Gary Stanley, Editor of Defense and Export-Import Update, will once again chair this important conference.**

**Oct. 2-3 - Canadian Institute - Canadian Forum on Global Economic Sanctions Compliance & Enforcement - Toronto - Sheraton Centre Toronto Hotel**

**Oct. 14 - Chatham House - Global Trade 2019 - London - Chatham House**

**Oct. 15 - American Conference Institute - 5th Asia Pacific Summit on Economic Sanctions Compliance and Enforcement - Singapore**

**Oct. 15 - Michigan District Export Council - Incoterms Rules for Americans - Troy, Michigan - Automation Alley, 2675 Bellingham**



**Oct. 16-17 - American Conference Institute - 8th Asia-Pacific on Anti-Corruption  
Singapore - Singapore**

**Oct. 17 - IDEEA, Inc. - ComDef 2019 - Washington, DC - Ronald Reagan Center - Gary Stanley, Editor of Defense and Export-Import Update, will moderate a panel, Export Control Update, featuring Heidi Grant (Director, DoD/DTSA), Mike Miller (Acting DAS, State/Bureau of Political/Military Affairs), and Matt Borman (Deputy Ass't Secretary of Commerce for Export Administration)**

**Oct. 17 - Chatham House - Illicit Financial Flows 2019 - London - Chatham House**

**Oct. 22-23 - C5 Group - Anti-Corruption France - Paris**

**Oct. 28-29 - Society for International Affairs - 2019 Fall Advanced Conference - Washington, DC - Marriott Wardman Park Hotel**

**Nov. 12 - US Dept. of the Treasury/Office of Foreign Assets Control (OFAC) - 2019 OFAC Symposium - Washington, DC - Walter E. Washington Convention Center**

**Nov. 12-13 - Nielsonsmith - Customs Compliance in Europe 2019 - Düsseldorf, Germany**

**Nov. 19 - C5 Group - European Forum on U.S. Export Controls - Brussels**

**Nov. 20-21 - C5 Group - European U.S. Defence Contracting - Brussels**

**Nov. 20-21 - Nielsonsmith - The European Anti-Corruption Summit - Munich, Germany**

**Dec. 3-4 - C5 Group - 12th Advanced Conference on Customs Compliance - London - St. James' Court, A Taj Hotel**

**Dec. 4-5 - American Conference Institute - 36th International Conference on the Foreign Corrupt Practices Act - Washington, DC**

**Dec. 10-11 - American Conference Institute - 10th Annual New York Forum on Economic Sanctions - New York City**

**Jan. 23-24 - American Conference Institute - AML & OFAC Compliance for the Insurance Industry - New York City**

**Jan. 28-29 - American Conference Institute - 9th Forum on U.S. Export & Re-Export Compliance for Canadian Operations - Toronto - Toronto Airport Marriott Hotel - Gary Stanley, Editor of Defense and Export-Import Update, will once again co-chair this important conference.**

**Jan. 30-31 - American Conference Institute - 14th Forum on the Foreign Corrupt Practices Act - Houston**

**Feb. 5-6 - Nielsonsmith - Export Compliance in Europe - Munich, Germany**

**Feb. 11-12 - Nielsonsmith - European, EU and EU Member State Trade Controls Compliance for North American Companies Summit - Washington, DC**

**Feb. 24-26 - Society for International Affairs - 2020 Winter Back to Basics Conference - Las Vegas - Westin Las Vegas Hotel**

We hope this update proves helpful. If you have questions about any of these developments, please do not hesitate to call us. If you received this free newsletter from a colleague or friend and would like to subscribe directly, please just e-mail your name, title, company, and e-mail address to [gstanley@glstrade.com](mailto:gstanley@glstrade.com).

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**From:** Gary Stanley [REDACTED]@glstrade.com]  
**Sent:** 8/21/2019 2:03:13 PM  
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**Subject:** Defense and Export-Import Update (Aug. 21, 2019)



**Dear All,**  
**Good Day!**

**Gary Stanley's ECR Tip of the Day: In the U.S. Department of Commerce's Export Administration Regulations (EAR), License Exceptions TMP, RPL, BAG, AVS, GOV, and TSU authorize exports notwithstanding the provisions of the CCL. List-based License Exceptions (LVS, GBS, CIV, TSR, and APP) are available only to the extent specified on the CCL. Some ECCNs contain License Exception STA exclusion paragraphs. Those paragraphs delineate items excluded from the License Exception STA provisions in § 740.20(c)(2) of the EAR. Part 740 of the EAR provides authorization for reexports only to the extent each License Exception expressly authorizes reexports. License Exception APR authorizes reexports only.**

**Today's Items:**

- 1. BIS Adds 46 Additional Non-U.S. Affiliates of Huawei to Entity List**
- 2. BIS Extends Validity of Huawei Temporary General License, Clarifies Authorized Transactions, and Changes Certification Statement Requirements**
- 3. Man Taken into Custody After Being Charged with Illegally Exporting Prohibited Manufacturing Equipment to Iran**
- 4. Arms Trafficker Convicted in Anti-Aircraft Missiles Scheme and of Other Arms Offenses Sentenced to 30 Years in Prison**
- 5. President Trump Signs Presidential Memorandum on Launch of Spacecraft Containing Space Nuclear Systems**
- 6. DoD/DSCA Notifies Congress of Possible FMS F-16C/D Block 70 Aircraft and Related Equipment and Support to Taiwan**
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#### **Upcoming Export Control and Other Trade Compliance Conferences**

### **1. BIS Adds 46 Additional Non-U.S. Affiliates of Huawei to Entity List**

(84 Fed. Reg. 43493) - The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has added forty-six additional non-U.S. affiliates of Huawei to the Entity List because they also pose a significant risk of involvement in activities contrary to the national security or foreign policy interests of the United States. Nineteen of these forty-six affiliated entities are being added to the existing entry for Huawei; the other twenty-seven entities are being added under new, separate entries. This rule also modifies the existing entries for Huawei and three Huawei affiliates in China by moving the three affiliates under the entry for Huawei instead of continuing to list them under separate entries, and by adding one alias and four addresses to the Huawei entry, including the addresses for those three affiliates. The entries for five other existing entries for Huawei affiliates in China, Belgium, and Brazil are also being modified by this rule.

### **2. BIS Extends Validity of Huawei Temporary General License, Clarifies Authorized Transactions, and Changes Certification Statement Requirements**

(84 Fed. Reg. 43487) - On May 22, 2019 at 84 Fed. Reg. 23468, the U.S. Department of Commerce's Bureau of Industry and Security (BIS) published a temporary general license, effective May 20, 2019, that modified the effect of the listing of Huawei Technologies Co., Ltd., and sixty-eight of its non-U.S. affiliates on the Entity List to authorize temporarily engagement in certain transactions, involving the export, reexport, or transfer (in-country) of items subject to the EAR to the 69 listed Huawei entities. The U.S. Government has decided to extend the temporary general license through November 18, 2019. To implement this decision, this final rule revises the temporary general license to remove the expiration date of August 19, 2019, and substitutes the date of November 18, 2019. This final rule also makes certain clarifying changes to the authorized transactions under the temporary general license to improve public understanding. Lastly, this final rule revises the temporary general license by changing which party to the transaction is required to create the certification

statement by requiring that the exporter, reexporter, or transferor obtain a certification statement from the pertinent Huawei listed entity before using the temporary general license. This final rule, as a conforming change for the addition of the additional 46 non-U.S. affiliates of Huawei to the Entity List reported in Item 1 above, revises the temporary general license to include those additional Huawei affiliates within the scope of the temporary general license.

### **3. Man Taken into Custody After Being Charged with Illegally Exporting Prohibited Manufacturing Equipment to Iran**

The U.S. Department of Justice (DOJ) has announced that federal authorities have arrested Mehdi Hashemi, who sometimes used the name "Eddie Hashemi," 46, a dual citizen of the United States and Iran who previously resided in Los Angeles, on charges that he participated in a scheme to ship prohibited items from the United States to Iran, in violation of the International Emergency Economic Powers Act (IEEPA) and U.S. sanctions imposed on the nation. The 21-count indictment outlines a scheme in which Hashemi purchased computer numerical control (CNC) machines and related equipment from suppliers in the United States and Canada, made arrangements to ship the machines to the United Arab Emirates under false and forged invoices and packing lists, and then arranged to forward the machines from the UAE to Iran. Hashemi purchased the machines on behalf of a Tehran-based company identified in the indictment as "Company A," an outfit that claimed to manufacture textiles, medical and automotive components, and spare parts. The indictment outlines illegal shipments of CNC machines and related equipment to the UAE and alleges that Hashemi knew and intended for them to be forwarded to Iran. The indictment also alleges that Hashemi attempted to export CNC machines on several occasions, including two attempts through the Port of Long Beach. Hashemi also is charged with making false statements to federal authorities in 2018 when he lied about his activities, his knowledge of federal export laws and his intention to send the CNC machines to Iran. The indictment charges Hashemi with conspiring to violate IEEPA, violating IEEPA, smuggling, money laundering, unlawful export information activities, and making false statements. A second defendant charged in the indictment – Feroz Khan, of the United Arab Emirates, who allegedly helped to ship CNC machines from the UAE to Iran – is a fugitive.

### **4. Arms Trafficker Convicted in Anti-Aircraft Missiles Scheme and of Other Arms Offenses Sentenced to 30 Years in Prison**

The U.S. Department of Justice (DOJ) has announced that Rami Najm Asad-Ghanem, 53, a black-market arms dealer with a long history of brokering machine guns, rocket-propelled grenades and anti-tank armaments – and who was found guilty last year in a scheme to sell and use surface-to-air missiles – has been sentenced yesterday to 30 years in federal prison. Following a nine-day trial last November, a federal jury found Ghanem guilty of conspiring to use and to transfer missile systems designed to destroy aircraft. The day before his trial started, Ghanem pleaded guilty to six other federal crimes stemming from his arms-trafficking activities, including the unlicensed export of weapons and ammunition, smuggling, money laundering, and unlicensed arms brokering. The evidence presented at last year's trial showed that Ghanem conspired to transfer a wide array of surface-to-air missile systems to customers around the world, including clients in Libya, the United Arab Emirates, Iraq, and the leadership of Hezbollah, a designated foreign terrorist organization. During the trial, prosecutors showed that he conspired to use Russian-made Igla and Strela surface-to-air missile systems by brokering the services of mercenary missile operators to a

militant faction in Libya in 2015. Among other actions, Ghanem negotiated the salaries and terms of service of the mercenary missile operators, coordinated their payment, facilitated their travel to Libya, confirmed their arrival and performance of duties, and offered them a \$50,000 bonus if they were successful in their mission of shooting down airplanes flown by the internationally recognized government of Libya. The U.S. Department of Homeland Security's Homeland Security Investigations (HSI) began the investigation into Ghanem in mid-2014, when a Los Angeles-based company alerted HSI that it had been solicited to provide military equipment to Ghanem. During an undercover operation, an HSI agent developed a relationship with Ghanem, who was seeking to procure a number of armaments – including sniper rifles and night-vision optics. During discussions with the undercover agent, Ghanem affirmed that the transactions were being conducted “illegally” and had to be “under the table.”

## **5. President Trump Signs Presidential Memorandum on Launch of Spacecraft Containing Space Nuclear Systems**

President Donald J. Trump has signed a Presidential Memorandum on the launch of spacecraft containing space nuclear systems. the memorandum updates the process for lunches of such systems, which include radioisotope power systems (RPSs), such as radioisotope thermoelectric generators (RTGs) and radioisotope heater units (RHUs), and fission reactors used for power and propulsion. The Presidential Memorandum states that it is the policy of the United States to develop and use space nuclear systems when such systems safely enable or enhance space exploration or operational capabilities. it sets forth safety guidelines and launch authorization processes.

## **6. DoD/DSCA Notifies Congress of Possible FMS F-16C/D Block 70 Aircraft and Related Equipment and Support to Taiwan**

The U.S. Department of Defense's Defense Security Cooperation Agency (DSCA) has notified the Congress that the Taipei Economic and Cultural Representative Office in the United States (TECRO) has requested to purchase sixty-six (66) F-16C/D Block 70 aircraft; seventy-five (75) F110 General Electric Engines (includes 9 spares); seventy-five (75) Link-16 Systems (includes 9 spares); seventy-five (75) Improved Programmable Display Generators (iPDG) (includes 9 spares); seventy-five (75) APG-83 Active Electronically Scanned Array (AESA) Radars (includes 9 spares); seventy-five (75) Modular Mission Computers 7000AH (includes 9 spares); seventy-five (75) LN-260 Embedded GPS/INS (includes 9 spares); seventy-five (75) M61 Vulcan 20mm Guns (includes 9 spares); one-hundred thirty-eight (138) LAU-129 Multipurpose Launchers; six (6) FMU-139D/B Fuze for Guided Bombs; six (6) FMU-139D/B Inert Fuze for Guided Bombs; six (6) FMU 152 Fuze for Guided Bombs; six (6) MK-82 Filled Inert Bombs for Guided Bombs; and three (3) KMU-572 Joint Direct Attack Munition (JDAM) Tail Kits, GBU-38/54. Also included are seventy-five (75) AN/ALE-47 Countermeasure Dispensers (includes 9 spares); one-hundred twenty (120) ALE-50 towed decoy or equivalent; seventy-five (75) APX-126 Advanced Identification Friend or Foe (includes 9 spares); seventy five (75) AN/ALQ-211 A(V)4 Airborne Integrated Defensive Electronic Warfare Suite (AIDEWS) or equivalent (includes 9 spares); EW Line Replaceable Unit (LRU) and Standard Electronic Module (SEM) spares; one hundred fifty (150) ARC-238 radios (includes 18 spares); Secure Communications and Cryptographic Appliques including seventy-three (73) KIV-78 cryptographic COMSEC devices, and ten (10) AN/PYQ-10 Simple Key Loaders (SKLs) for COMSEC; three (3) Joint Mission Planning Systems (JMPS); twenty-seven (27) Joint Helmet Mounted Cueing Systems (JHMCS) II with

Night Vision Device (NVD) compatibility or Scorpion Hybrid Optical-based Inertial Tracker (HObIT) helmet mounted cueing system with NVD compatibility; seventy (70) NVDs; six (6) NVD spare image intensifier tubes; Cartridge Actuated Devices/Propellant Actuated Devices (CAD/PAD); cartridges; chaff; flares; three (3) each DSU-38A/B Precision Laser Guidance Sensor (PLGS) for GBU-54 Laser Joint Direct Attack Munition (LJDAM) integration; PGU-28A/B 20mm ammunition; telemetry units for integration and test; bomb components; twenty (20) ground debriefing stations; Electronic Combat International Security Assistance Program (ECISAP) support including EW database and Mission Data File (MDF) development (classified/unclassified); communications equipment; classified/unclassified spares, repair, support equipment, test equipment, software delivery/support, personnel training, training equipment, flight/tactics manuals, publications and technical documentation; bomb racks; Organizational, Intermediate and Depot level tooling; Pilot Life Support Equipment (PLSE); Alternate Mission Equipment (AME); ground training devices (including flight and maintenance simulators); containers; development, integration, test and engineering, technical and logistical support of munitions; aircraft ferry; studies and surveys; construction services; U.S. Government and contractor engineering, technical and logistical support services; and other related elements of logistics, program and sustainment support. The total estimated program cost is \$8 billion. The principle contractor will be Lockheed Martin, headquartered in Bethesda, MD. There are no known offset agreements proposed. The purchaser typically requests offsets. Any offset agreement would be defined in negotiations between the purchaser and the contractor(s).

## **7. BIS' Transportation and Related Equipment Technical Advisory Committee to Meet Sept. 4**

(84 Fed. Reg. 43580) - The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that its Transportation and Related Equipment Technical Advisory Committee will meet in open session Wednesday, September 4, 2019, 9:30 AM EDT, at the Herbert C. Hoover Building, Room 3884, 14th Street between Constitution & Pennsylvania Avenues NW, Washington, DC. The open session will also be accessible via teleconference to 20 participants on a first come, first serve basis. To join the conference, submit inquiries to Ms. Yvette Springer at [Yvette.Springer@bis.doc.gov](mailto:Yvette.Springer@bis.doc.gov) no later than August 28, 2019. The agenda for the meeting is as follows:

- Welcome and Introductions.
- Status reports by working group chairs.
- Public Comments and proposals.

## **8. BIS' Materials Technical Advisory Committee to Meet Sept. 5**

(84 Fed. Reg. 43580) - The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that its Materials Technical Advisory Committee will meet in open session Thursday, September 5, 2019, 10:00 AM, at the Herbert C. Hoover Building, Room 3884, 14th Street between Constitution & Pennsylvania Avenues, N.W., Washington, D.C. The open session will also be accessible via teleconference to 20 participants on a first come, first serve basis. To join the conference, submit inquiries to Ms. Yvette Springer at [Yvette.Springer@bis.doc.gov](mailto:Yvette.Springer@bis.doc.gov) no later than August 29, 2019. The agenda for the meeting is as follows:

- Opening Remarks and Introduction.
- Remarks from BIS senior management.
- Report on regime-based activities.
- Public Comments and New Business.

## **9. Advisory Committee of Ex-Im Bank and Ex-Im Bank's Sub-Saharan Africa Advisory Committee to Meet Sept. 11**

(84 Fed. Reg. 43598) - The Export-Import Bank of the United States (Ex-Im Bank) has announced that the Advisory Committee of Ex-Im Bank and Ex-Im Bank's Sub-Saharan Africa Advisory Committee will jointly meet Wednesday, September 11, 2019, 9:30 AM to 1:45 PM, at Ex-Im Bank Headquarters, Main Conference Room, 11th Floor, 811 Vermont Avenue, N.W., Washington, DC 20571. Members of the public wishing to attend should contact India Walker at [external@exim.gov](mailto:external@exim.gov) to be placed on an attendee list. Agenda items include updates for the Advisory Committee members regarding: Ex-Im Bank business and products, committee overview, and Ex-Im Bank potential lapse in authority.

## **10. U.S. Customs and U.S. Census/AES Updates**

- U.S. Customs - CSMS #39442745 - DIS (action code and namespace) PROD deployment is postponed
- U.S. Customs - CSMS #39442875 - Scheduled ACE Reports
- U.S. Customs - International Travelers Should Know of Souvenir Restrictions

## **11. Commerce/Enforcement and Compliance and U.S. International Trade Commission Actions and Votes**

- Commerce/E&C - Carbon and Alloy Steel Cut-To-Length Plate From Japan: Rescission of Antidumping Duty Administrative Review; 2018-2019
- Commerce/E&C - Certain Corrosion-Resistant Steel Products From Taiwan: Initiation of Anti-Circumvention Inquiry on the Antidumping Duty Order
- Commerce/E&C - Corrosion-Resistant Steel Products From the People's Republic of China: Initiation of Anti-Circumvention Inquiries on the Antidumping Duty and Countervailing Duty Orders
- Commerce/E&C - Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes From the Republic of Turkey: Preliminary Results of Countervailing Duty Administrative Review; 2017



- Commerce/E&C - Sodium Sulfate Anhydrous From Canada: Postponement of Preliminary Determination in the Less-Than-Fair-Value Investigation
- USITC - Certain Child Resistant Closures With Slider Devices Having a User Actuated Insertable Torpedo for Selectively Opening the Closures and Slider Devices Therefor: Institution of Investigation
- USITC - Certain Digital Video Receivers and Related Hardware and Software Components: Commission Decision To Review in Part a Summary Determination and To Review in Part a Final Initial Determination; Schedule for Filing Written Submissions on the Issues Under Review and on Remedy, the Public Interest and Bonding
- USITC - Certain Rotating 3-D LiDar Devices and Products Containing the Same (Including Autonomous Vehicles, Unmanned Aerial Vehicles, Industrial Machines, and Robotics), and Components Thereof: Notice of Receipt of Complaint; Solicitation of Comments Relating to the Public Interest
- USITC - Laminated Woven Sacks From China: Determinations That Revocation of the Antidumping and Countervailing Duty Orders Would Be Likely to Lead to Continuation or Recurrence of Material Injury
- USITC - Persulfates From China: Determination That Revocation of the Antidumping Duty Order Would Be Likely to Lead to Continuation or Recurrence of Material Injury
- USITC - Small Diameter Graphite Electrodes from China: Notice of Commission Determination To Conduct a Full Five-Year Review
- USITC - Steel Wire Garment Hangers From China: Determination That Revocation of the Antidumping Duty Order Would Be Likely to Lead to Continuation or Recurrence of Material Injury
- USITC - Vertical Metal File Cabinets From China: Scheduling of the Final Phase of Countervailing Duty and Antidumping Duty Investigations

## **12. GAO and CRS Reports, Testimony, and Correspondence of Interest**

- CRS - Bahrain: Unrest, Security, and U.S. Policy

## **Other Headlines**

## **13. China Threatens Sanctions Over Planned U.S. Sale of Fighter Jets to Taiwan**

WallStreetJournal.com, Aug. 21 - China said it would sanction any U.S. firm involved in a planned \$8 billion sale of advanced fighter jets to Taiwan, in retaliation against what it describes as Washington's attempt to undermine Chinese national security. Beijing's countermeasure against the proposed sale of 66 F-16V fighters isn't expected to have much

impact on the manufacturer, Lockheed Martin Corp. , but it could complicate efforts to resolve the U.S.-China trade dispute. "China will take all necessary measures to safeguard its interests, including the imposition of sanctions against the American companies that participate in this arms sale to Taiwan," Chinese Foreign Ministry spokesman Geng Shuang told reporters Wednesday. . . . Some Trump administration officials have grown concerned in recent months that national-security disputes with China, including arms sales to Taiwan—a separate \$2.2 billion proposed sale of tanks, missiles and other military hardware was approved in July—are souring efforts to secure a trade deal.

#### **14. Wary of China, Pentagon to Launch 'Trusted Capital Marketplace' This Fall**

NationalDefenseMagazine.org, Aug. 20 - To help bolster the industrial base against potential adversaries, the Defense Department is planning to kick-start its "Trusted Capital Marketplace" project this fall, said the undersecretary of defense for acquisition and sustainment Aug. 20. The effort, which the Pentagon announced earlier this year, is in response to growing concerns about foreign nations such as China investing in U.S. companies and how that could affect national security, said Ellen Lord. The goal is to link technology startups with trusted sources of capital. Last year, the Pentagon released a report — "Assessing and Strengthening the Manufacturing and Defense Industrial Base and Supply Chain Resiliency of the United States" — which fulfilled President Donald Trump's Executive Order 13806, Lord noted. "The idea here is that we don't often look down into the fourth, fifth, sixth, seventh layer of our supply chain to understand where we're sole source or where we're dependent on a foreign entity that might not be a trusted source," she said during remarks at the Association for Unmanned Vehicle Systems International's Defense-Protection-Security Conference in Washington, D.C.

#### **15. Inside America's Dysfunctional Trillion-Dollar Fighter-Jet Program**

NewYorkTimes.com, Aug. 21 - On the morning of June 23, 2014, an F-35 burst into flames just moments before its pilot was set to take off on a routine training mission. He heard a loud bang and felt the engine slow as warning indicators began flashing "fire" and other alerts signaled that systems in the plane were shutting down. . . . It was the first major mishap involving a F-35 Joint Strike Fighter, and it couldn't have happened at a worse time. In less than a month, the F-35, America's high-profile next-generation fighter jet, was poised to make its international debut in Britain at Farnborough Airshow, the second-largest event of its kind in the world. . . . Yet even as the program plows forward, unresolved technical have issues continued to emerge. In June, my colleagues and I at Defense News reported that the plane still faced at least 13 severe technical deficiencies during operational testing, including spikes in cabin pressure, some rare instances of structural damage at supersonic speeds and unpredictability while conducting extreme maneuvers — all problems that could affect the pilot's safety or jeopardize a mission's success. At the same time, the F-35s already delivered to squadrons have introduced new complications: On military bases around the United States, the high cost of operating the aircraft, a shortage of spare parts and a challenging new approach to updating the jet's crucial software code have program officials and military leaders urgently looking for solutions.

#### **16. Germany Charges Russian for Violating Trade Embargo**

NewYorkTimes.com & Associate Press, Aug. 21 - Germany's federal prosecutor has charged a Russian citizen for crimes against the foreign trade law because he allegedly exported technology and chemicals to Russia that fall under an embargo. Prosecutors in Karlsruhe said Wednesday that Vladimir D., whose full name and age were not given, exported goods worth 1.832 million euros (\$2.03 million) to Russia between 2014 and 2018. The statement said the suspect exported two hot isostatic presses, which are used in aeronautical and space technology and can also be used by the military, which is why they fall under an embargo.

## **17. BlackRock Unit Gets Approval to Take Russia-Linked Firm's Stake in Cybersecurity Company**

WallStreetJournal.com, Aug. 20 - A national-security panel that oversees foreign investment in U.S. businesses approved the transfer of a stake in cybersecurity company Cofense Inc. from a Russia-linked private-equity firm to funds managed by BlackRock Inc. People familiar with the matter said the Committee on Foreign Investment in the U.S., known as Cfius, gave its approval to the deal on Monday. The clearance removes one of the final obstacles in a protracted sale process that began last year, and concludes an unusual showdown between Cfius and Pamplona Capital Management, a private-equity firm with ties to Russians including the businessman Mikhail Fridman. Cfius ordered Pamplona to sell its minority stake in Cofense after officials raised national-security concerns about the amount of foreign money invested with Pamplona, given the sensitive nature of Cofense's business. Under the terms of the approved deal, no money will change hands now. Pamplona will retain a residual financial interest in the company and will be paid if shares in Cofense are sold in the future, The Wall Street Journal previously reported. The deal is designed to strip Pamplona's foreign backers of any ability to influence Cofense or gain access to sensitive information held by the company, the people familiar with the matter said.

## **18. Trump's Trade War Comes for Consumers: Tariffs Could Cost U.S. Families Up to \$1,000 a Year, JPMorgan Forecasts**

WashingtonPost.com, Aug. 20 - More than a year into the U.S.-China trade war, American consumers are about to find themselves squarely in the crosshairs for the first time, with households estimated to face up to \$1,000 in additional costs each year from tariffs, according to research from JPMorgan Chase. Consumers, whose spending fuels about 70 percent of the U.S. economy, have been largely shielded from previous rounds of tariffs, which have left businesses reeling and upended global supply chains. But that's about to change with the 10 percent levies on roughly \$300 billion in Chinese imports, about a third of which will take effect Sept. 1. Those tariffs will primarily target consumer goods. The effect of these tariffs is so significant that it caused President Trump to publicly acknowledge, for the first time, that American families will bear some of the burden of his trade policies. Amid growing concern that the tariffs could damage the economy, Trump abruptly announced he would delay tariffs on certain popular products such as laptops, footwear and video games — about two-thirds of the impacted items — until mid-December.

## **19. 'You Prepare for War': How One U.S. Firm Tried Escaping Trump's China Tariffs**

Reuters.com, Aug. 20 - When Larry Sloven heard last year that U.S. tariffs threatened his China electronics business, he knew that setting up shop elsewhere would be a slog rather

than an adventure. The 70-year-old had spent half his life building supply chains in southern China to produce goods for big-box U.S. retailers. But he had never reshuffled one on short notice, with tariffs hanging over his head. "It is the hardest thing I've ever had to do in all my 30 years in the business," said Sloven, president of Capstone International HK Ltd, a division of Florida-based Capstone Companies. "You've got packaging, assembling, auditing, labor, overheads, components, logistics, transportation," he said. "I went from first gear to fourth gear very quickly." Sloven, a native of Long Island, New York, cut his teeth in Asia in the 1970s sourcing lighting products from Japan. He then moved to Taiwan and then mainland China, making and sourcing electrical products for AT&T and Duracell, before becoming a buying agent for sporting goods retailer Dick's. He joined Capstone in 2012 to manage its network of Chinese manufacturers from Hong Kong. Rising labor costs and tighter regulations in China had already led him to consider moving the business elsewhere in Asia. But the trade war forced his hand.

## **20. Mexican Tomato Growers Reach Agreement to End U.S. Duties**

WallStreetJournal.com, Aug. 21 - Mexican tomato growers reached a last-minute deal with the U.S. Commerce Department that will suspend an antidumping investigation and remove duties on U.S. imports of Mexican tomatoes in exchange for Mexico raising prices and submitting to inspections. Mexican tomato growers said the agreement was reached minutes before a Tuesday midnight deadline, and now has a 30-day period for comments before taking effect. In May, following complaints last year from U.S. tomato growers, the U.S. Commerce Department terminated a suspension agreement with Mexican producers under which antidumping duties on Mexican tomatoes had been avoided since 1996. The Commerce Department reactivated an antidumping investigation and determined a 25.3% preliminary dumping margin for Mexican tomatoes, above the 17.5% set in 1996. A final determination was due Sept. 19. Once the new agreement goes into effect, imports of Mexican tomatoes will be duty-free, and exporters will be able to recover cash deposits made since May 7, the Mexican growers said.

## **21. Dutch Man Suspected of Illegally Exporting Garbage**

NewYorkTimes.com & Associate Press, Aug. 21 - Dutch authorities have searched two properties and seized a company's business records in an investigation into the alleged illegal export of 12,000 metric tons of garbage. The government's Human Environment and Transport Inspectorate announced the investigation Wednesday, a day after it conducted searches in the southern city of Venlo. The inspectorate says that a suspect is believed to have exported the garbage to countries in Africa and Asia, without the necessary permits. It did not elaborate. The man, whose identity was not released, also is suspected of money laundering.

## **22. Tectonic Shift as NRO Moved Under Space Command in Wartime**

BreakingDefense.com, Aug. 20 - If war in space erupts, the new US Space Command will have the power to order the National Reconnaissance Office (NRO) to take "defensive space operations" under a new joint concept of operations. The new chain of command represents a tectonic plate shift in US national security space, which has long been plagued by often testy relationships between the Intelligence Community and DoD. "For the first time, there will be a unified structure that fully integrates Intelligence Community and Department of Defense space defense plans, authorities and capabilities to ensure seamless execution of

space defense systems," Acting Director of National Intelligence Joseph Maguire told the National Space Council today. "Furthermore, should conflict extend to space, the NRO will take direction from the Commander of US Space Command and execute defensive space operations based on a jointly developed playbook and informed by a series of exercises and war games," Maguire added.

## **23. Marine Corps to Expand Unmanned Systems Arsenal**

NationalDefenseMagazine.org, Aug. 21 - As the Marine Corps looks to purchase new unmanned systems, it is putting a premium on capacity, said the head of the service's Combat Development Command Aug. 20. "We're interested in all platforms — surface, subsurface and aviation," said Lt. Gen. Eric Smith. "[We want] unmanned systems that are truly numerous because there is a quality in quantity in this particular regard. We're looking for things that can do reconnaissance, that can do a radio relay, we're looking for some lethal payloads. But we're looking for numerous" quantities of robotic capabilities. Following the publication of new Marine Corps Commandant Gen. David Berger's Planning Guidance document — which was released last month — the service is now focusing on increasing the number of systems in its inventory, Smith said. "If you read that guidance — and that's the guidance that I'm following as the force developer — it is about how do we produce enough bulk, enough number, ... enough capacity that I can actually inflict a dilemma on the enemy" by forcing adversaries to contend with a large number of unmanned Marine Corps platforms, he said during remarks at the Association for Unmanned Vehicle Systems International's Defense-Protection-Security Conference in Washington, D.C.

## **Upcoming Export Control and Other Trade Compliance Conferences**

**Aug. 22 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & Professional Association of Exporters and Importers - Encryption Controls - Milpitas, CA - Crowne Plaza San Jose-Silicon Valley**

**Sept. 17 - U.S. Dept. of Commerce/U.S.Census Bureau - Automated Commercial Environment (ACE) Exports Compliance Seminar - Chicago**

**Sept. 18-19 - U.S. Dept. Commerce/Bureau of Industry and Security(BIS) & The District Export Council of Southern California - Complying with U.S. Export Controls - Los Angeles - Sheraton Gateway Los Angeles Hotel**

**Sept. 24-25 - American Conference Institute - 12th Conference on the Foreign Corrupt Practices Act - San Francisco**

**Sept. 25 - American Conference Institute - National Forum on FARA - Washington DC**

**Sept. 25-26 - American Conference Institute - West Coast Conference on FCPA Enforcement and Compliance - San Francisco - Marines' Memorial Club & Hotel**

**Sept. 25-26 - SMi Group - Defence Exports 2019 - Amsterdam - Ramada Apollo Amsterdam Centre Hotel - Gary Stanley, Editor of Defense and Export-Import Update, will once again chair this important conference.**

**Oct. 2-3 - Canadian Institute - Canadian Forum on Global Economic Sanctions Compliance & Enforcement - Toronto - Sheraton Centre Toronto Hotel**

**Oct. 14 - Chatham House - Global Trade 2019 - London - Chatham House**

**Oct. 15 - American Conference Institute - 5th Asia Pacific Summit on Economic Sanctions Compliance and Enforcement - Singapore**

**Oct. 15 - Michigan District Export Council - Incoterms Rules for Americans - Troy, Michigan - Automation Alley, 2675 Bellingham**

**Oct. 16-17 - American Conference Institute - 8th Asia-Pacific on Anti-Corruption  
Singapore - Singapore**

**Oct. 17 - IDEEA, Inc. - ComDef 2019 - Washington, DC - Ronald Reagan Center - Gary Stanley, Editor of Defense and Export-Import Update, will moderate a panel, Export Control Update, featuring Heidi Grant (Director, DoD/DTSA), Mike Miller (Acting DAS, State/Bureau of Political/Military Affairs), and Matt Borman (Deputy Ass't Secretary of Commerce for Export Administration)**

**Oct. 17 - Chatham House - Illicit Financial Flows 2019 - London - Chatham House**

**Oct. 22-23 - C5 Group - Anti-Corruption France - Paris**

**Oct. 28-29 - Society for International Affairs - 2019 Fall Advanced Conference - Washington, DC - Marriott Wardman Park Hotel**

**Nov. 12 - US Dept. of the Treasury/Office of Foreign Assets Control (OFAC) - 2019 OFAC Symposium - Washington, DC - Walter E. Washington Convention Center**

**Nov. 12-13 - Nielsonsmith - Customs Compliance in Europe 2019 - Düsseldorf, Germany**

**Nov. 19 - C5 Group - European Forum on U.S. Export Controls - Brussels**

**Nov. 20-21 - C5 Group - European U.S. Defence Contracting - Brussels**

**Nov. 20-21 - Nielsonsmith - The European Anti-Corruption Summit - Munich, Germany**

**Dec. 3-4 - C5 Group - 12th Advanced Conference on Customs Compliance - London - St. James' Court, A Taj Hotel**

**Dec. 4-5 - American Conference Institute - 36th International Conference on the Foreign Corrupt Practices Act - Washington, DC**

**Dec. 10-11 - American Conference Institute - 10th Annual New York Forum on Economic Sanctions - New York City**

**Jan. 23-24 - American Conference Institute - AML & OFAC Compliance for the Insurance Industry - New York City**

**Jan. 28-29 - American Conference Institute - 9th Forum on U.S. Export & Re-Export Compliance for Canadian Operations - Toronto - Toronto Airport Marriott Hotel - Gary Stanley, Editor of Defense and Export-Import Update, will once again co-chair this important conference.**

**Jan. 30-31 - American Conference Institute - 14th Forum on the Foreign Corrupt Practices Act - Houston**

**Feb. 5-6 - Nielsonsmith - Export Compliance in Europe - Munich, Germany**

**Feb. 11-12 - Nielsonsmith - European, EU and EU Member State Trade Controls Compliance for North American Companies Summit - Washington, DC**

**Feb. 24-26 - Society for International Affairs - 2020 Winter Back to Basics Conference - Las Vegas - Westin Las Vegas Hotel**

We hope this update proves helpful. If you have questions about any of these developments, please do not hesitate to call us. If you received this free newsletter from a colleague or friend and would like to subscribe directly, please just e-mail your name, title, company, and e-mail address to [gstanley@glstrade.com](mailto:gstanley@glstrade.com).

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**From:** Gary Stanley [REDACTED]@glstrade.com]  
**Sent:** 9/12/2019 2:44:59 AM  
**To:** Richard Ashooh [Richard.Ashooh@bis.doc.gov]  
**Subject:** Defense and Export-Import Update (Sept. 11, 2019)



**Dear All,**  
**Good Day!**

***Gary Stanley's Export Control Tip of the Day:*** The United States, along with 33 other countries, is a member of an informal group of nations, known as the Missile Technology Control Regime (MTCR), that have agreed to coordinate their national export controls on goods and technology that can contribute to missile proliferation. The MTCR provides guidelines for licensing policies as well as an Equipment, Software, and Technology Annex, which lists the items that the participating countries agree to control. These licensing procedures and list of controlled items are incorporated into the EAR, where the commodities are controlled for MT reasons. Commodities controlled for MT reasons require a license to all destinations other than Canada.

**Today's Items:**

- 1. DDTTC Posts Name Change Notice on Rheinmetall MAN Military Vehicles GmbH**
- 2. OFAC Targets Wide Range of Terrorists and Their Supporters Using Enhanced Counterterrorism Sanctions Authorities**
- 3. DoD/DSCA Notifies Congress of Possible FMS of F-35 Joint Strike Fighter Aircraft to Poland**
- 4. DoD Removes Obsolete National Industrial Security Program Regulations**
- 5. WTO News**
- 6. U.S. Customs and U.S. Census/AES Updates**
- 7. Commerce/Enforcement and Compliance and U.S. International Trade Commission Actions and Votes**
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- 15. Why Program Cuts from Esper's Pentagon-Wide Review Could Come Sooner Than Expected**
- 16. Not So Bad? Window of Opportunity May Exist for US Firms to Benefit from EU's Defense Fund**
- 17. The 2019 Arms Sales Risk Index**
- 18. What Does State-of-the-Art Cybersecurity Look Like to the Pentagon?**
- 19. The 3 Major Security Threats to AI**
- 20. 3-D Printers Could Help Spread Weapons of Mass Destruction**
- 21. Italy Joins Britain's Tempest Combat Aircraft Program**
- 22. Arianespace Reveals Manifest, Notes Launch Market Variety**
- 23. UK Has Robust Arms Export Controls But Will Reflect on Saudi Ruling: Wallace**
- 24. Opinion: Huawei Has a Plan to Help End Its War With Trump**
- 25. Opinion: Will Trump Sell Out the U.S. on Huawei?**
- 26. Opinion: Restore Controls Over Dangerous Gun Exports**

**Upcoming Export Control and Other Trade Compliance Conferences - *NEW EVENTS ADDED!***

## **1. DDTC Posts Name Change Notice on Rheinmetall MAN Military Vehicles GmbH**

The U.S. Department of State's Directorate of Defense Trade Controls (DDTC) has posted on its website the following new name change notice:

- Rheinmetall MAN Military Vehicles GmbH to Rheinmetall Military Vehicles GmbH Name Change

## **2. OFAC Targets Wide Range of Terrorists and Their Supporters Using Enhanced Counterterrorism Sanctions Authorities**

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has utilized newly enhanced counterterrorism sanctions authorities to designate a series of terrorist leaders, facilitators, and entities. Equipped with new tools from President Trump's recently updated Executive Order (E.O.) 13224, which became effective September 11, 2019, Treasury designated 15 leaders, individuals, and entities affiliated with terror groups. These actions target a wide array of groups, including entities affiliated with HAMAS, the Islamic State of Iraq and Syria (ISIS), al-Qa'ida, and the Islamic Revolutionary Guard Corps Qods-Force (IRGC-QF), and combined with actions taken by the State Department amounts to some of the furthest reaching designations of terrorists and their supporters in the past 15 years. E.O. 13224, as amended, provides the Treasury and State Departments with new tools that allow the U.S. Government to better identify and designate perpetrators of terrorism worldwide. Specifically, the E.O.:

- Contains new designation criteria that allows the U.S. Government to more efficiently target leaders or officials of terrorists groups as well as individuals who participate in terrorist training;

- Provides for secondary sanctions against foreign financial institutions that have knowingly conducted or facilitated significant financial transactions on behalf of any person sanctioned pursuant to E.O. 13224;
- Authorizes Treasury to prohibit a foreign financial institution that has knowingly conducted or facilitated a significant transaction with any Specially Designated Global Terrorist (SDGT) from opening or maintaining a correspondent or payable-through account in the United States;
- Consolidates U.S. counterterrorism authorities under a single sanctions program by eliminating E.O. 12947 and combining that authority's goal of defending the Middle East Peace Process with E.O. 13224's global remit and expanded authorities.

As a result of these actions, all property and interests in property of these targets that are in the United States or in the possession or control of U.S. persons must be blocked and reported to OFAC. OFAC's regulations generally prohibit all dealings by U.S. persons or within the United States (including transactions transiting the United States) that involve any property or interests in property of blocked or designated persons. In addition, persons that engage in certain transactions with the designated individuals and entities may themselves be exposed to sanctions or subject to an enforcement action. Furthermore, pursuant to E.O. 13224, as amended today, all SDGTs are now subject to secondary sanctions. OFAC can prohibit or impose strict conditions on the opening or maintaining in the United States of a correspondent account or a payable-through account by a foreign financial institution that knowingly facilitates a significant transaction for any SDGT, or a person acting on behalf of or at the direction of, or owned or controlled by, a SDGT. Click [here](#) for identifying information the designated individuals and entities; click [here](#) for a White House Fact Sheet on the updated Executive Order (E.O.) 13224; and [here](#) for a Presidential Message to Congress on Modernizing Sanctions to Combat Terrorism.

### **3. DoD/DSCA Notifies Congress of Possible FMS of F-35 Joint Strike Fighter Aircraft to Poland**

The U.S. Department of Defense's Defense Security Cooperation Agency (DSCA) has notified the Congress that the Government of Poland has requested to buy thirty-two (32) F-35 Joint Strike Fighter Conventional Take Off and Landing (CTOL) Aircraft and thirty-three (33) Pratt & Whitney F-135 Engines. Also included are Electronic Warfare Systems; Command, Control, Communications, Computer, and Intelligence/Communications, Navigational, and Identification (C4I/CNI); Autonomic Logistics Global Support System (ALGS); Autonomic Logistics Information System (ALIS); Full Mission Trainer; Weapons Employment Capability, and other Subsystems, Features, and Capabilities; F-35 unique infrared flares; reprogramming center; F-35 Performance Based Logistics; software development/integration; aircraft ferry and tanker support; support equipment; tools and test equipment; communications equipment; spares and repair parts; personnel training and training equipment; publications and technical documents; U.S. Government and contractor engineering, logistics, and personnel services; and other related elements of logistics and program support. The estimated cost is \$6.5 billion. The prime contractors will be Lockheed Martin Aeronautics Company in Fort Worth, Texas; and Pratt & Whitney Military Engines in East Hartford, Connecticut. There are no known offset agreements proposed in connection with this potential sale. However, the purchaser typically requests offsets. Any offset agreements will be defined in negotiations between the purchaser and the contractor(s).

## 4. DoD Removes Obsolete National Industrial Security Program Regulations

(84 Fed. Reg. 47849) - The U.S. Department of Defense's Office of the Under Secretary of Defense for Intelligence has removed DoD's regulations on the National Industrial Security Program (NISP) regarding industrial security procedures and practices related to foreign ownership, control, or influence (FOCI) for U.S. Government activities. The interim final rule currently in effect is duplicative and obsolete. The Director of the National Archives and Records Administration's (NARA) Information Security Oversight Office (ISOO) is responsible for implementing and monitoring Executive Branch implementation of the NISP, and DoD's rule duplicates an amendment to the NARA rule on the same subject.

## 5. WTO News

- DDG Wolff: Multilateral trading system is vitally important to health of world economy
- Appellate Body issues report regarding Korean duties on Japanese pneumatic valves
- Trade Policy Review: Suriname

## 6. U.S. Customs and U.S. Census/AES Updates

- U.S. Customs - CSMS #39740350 - REMINDER: Collections Release 1 Deployed on September 07, 2019
- U.S. Customs - CSMS #39751905 - Trade Policy Update: Drawback Claim Dates & Mandatory DIS Uploads
- U.S. Customs - Customs Bulletin and Decisions  
Index  
General Notices
- U.S. Customs -
- U.S. Customs -
- U.S. Census - Global Reach Blog - Back to School, Back to Basics
- U.S. Census - Country Code Updated in the Automated Export System (AES) - Please note that the Country Code shown below has been updated in the AES, effective immediately. The following Country Code has been UPDATED in the AES:

<u>Country Name</u>	<u>Old ISO Country Code</u>	<u>New ISO Country Code</u>
Burma	BU	MM

The Country Name will remain the same.

## **7. Commerce/Enforcement and Compliance and U.S. International Trade Commission Actions and Votes**

- Commerce/E&C - Certain Steel Nails From Malaysia: Preliminary Results and Partial Rescission of Antidumping Duty Administrative Review; 2017-2018

## **8. GAO and CRS Reports, Testimony, and Correspondence of Interest**

- GAO - INFORMATION TECHNOLOGY: DOD Needs to Fully Implement Program for Piloting Open Source Software GAO-19-457: Published: Sep 10, 2019. Publicly Released: Sep 10, 2019.
- GAO - U.S. ASSISTANCE TO MEXICO: State and USAID Allocated over \$700 Million to Support Criminal Justice, Border Security, and Related Efforts from Fiscal Year 2014 through 2018 GAO-19-647: Published: Sep 10, 2019. Publicly Released: Sep 10, 2019.
- GAO - DEPARTMENT OF HOMELAND SECURITY: Review of Report on Agency Estimates of Foreign Nationals Unlawfully Residing in the U.S. GAO-19-640R: Published: Sep 10, 2019. Publicly Released: Sep 10, 2019.
- GAO - AVIATION SAFETY: Opportunities Exist for FAA to Improve Airport Terminal Area Safety Efforts GAO-19-639: Published: Aug 30, 2019. Publicly Released: Sep 10, 2019.
- CRS - U.S.-China Trade and Economic Relations: Overview
- CRS - U.S. Trade and Development Agency (TDA)
- CRS - Navy Ship Names: Background for Congress
- CRS - Legal Authority to Repurpose Funds for Border Barrier Construction
- CRS - Israel: Background and U.S. Relations in Brief
- CRS - Coast Guard Cutter Procurement: Background and Issues for Congress
- CRS - Venezuela: International Efforts to Resolve the Political Crisis
- CRS - United Nations Issues: U.S. Funding to the U.N. System
- CRS - Iran Sanctions

## **Other Headlines**

## **9. Chip Makers Still Await Clearance to Sell to Huawei**

WallStreetJournal.com, Sept. 10 - More than two months after President Trump agreed to ease export restrictions on Huawei Technologies Co., the U.S. has yet to green-light any sales to the Chinese telecom giant—frustrating U.S. chip makers that stand to lose billions of dollars in revenue. The Huawei blacklist, which went into force May 16, cut U.S. chip makers off from a pipeline that enabled them to send \$11 billion worth of components to Huawei last year. President Trump, meeting with Chinese President Xi Jinping on the sidelines of the Group of 20 summit in Osaka, Japan, on June 29, agreed to ease the blacklist for cases that didn't involve national security. But the Commerce Department has yet to grant any licenses for restricted sales. Analysts say the damage to chip-maker sales has already reached at least hundreds of millions—if not billions—of dollars in the more than three months since the ban took effect. Numerous chip makers have sharply cut revenue forecasts, even as some determined they could still sell Huawei certain products made outside the U.S. without violating export controls.

## **10. U.S., China Grant Trade Concessions Ahead of Fresh Talks**

Reuters.com, Sept. 11 - U.S. President Donald Trump on Wednesday welcomed China's decision to exempt some U.S. anti-cancer drugs and other goods from its tariffs and announced a delay to scheduled tariff hikes on billions worth of Chinese goods. Beijing's exemptions and Washington's delay came days ahead of a planned meeting aimed at defusing a trade war between the world's two largest economies. China's decision to exempt some U.S. goods was a "big move" by Beijing and a positive gesture before trade negotiators from both countries meet in Washington, Trump told reporters at the White House. China on Wednesday announced its first batch of tariff exemptions for 16 types of U.S. products, including some anti-cancer drugs and lubricants, as well as animal feed ingredients whey and fish meal, according to a Ministry of Finance statement on its website.

## **11. Amid Protests, U.S. Lawmakers Say Hong Kong Rules Could Leak Tech to China**

Reuters.com, Sept. 10 - A group of U.S. senators asked President Donald Trump's administration on Tuesday to assess U.S. export rules for Hong Kong, expressing concern China could acquire sensitive technologies because of the city's special treatment under U.S. law. The Republican and Democratic lawmakers also expressed concern about the use of crowd control equipment against protesters, seeking to put pressure on Beijing after three months of street protests, including sometimes violent clashes between demonstrators and police. "We believe it is critical that the United States take appropriate measures to ensure China does not abuse Hong Kong's special status under U.S. law to steal or otherwise acquire critical or sensitive U.S. equipment and technologies in support of its strategic objectives or to infringe on the rights of people in Mainland China, Hong Kong, and elsewhere," the senators said in a letter to Secretary of Commerce Wilbur Ross and Secretary of State Mike Pompeo.

## **12. Cloud-Services Company Cloudflare Discloses Potential Sanctions Violations**

WallStreetJournal.com, Sept. 10 - Cloudflare Inc., a provider of cloud-based networking and cybersecurity services, may have violated U.S. economic and trade sanctions regulations, the company disclosed in a regulatory filing. The San Francisco-based technology company, which is expected to go public as early as this week, has voluntarily disclosed potential

economic and trade sanctions violations to the Treasury Department, the company said in documents that declared the company's intention to go public. The prospectus, filed with the Securities and Exchange Commission last month, was amended last week. The company said in the filing that it made the self-disclosure in May to the Treasury's Office of Foreign Assets Control, which enforces U.S. sanctions, and the self-disclosure is under review by the agency. Cloudflare didn't immediately respond to a request for comment. Cloudflare said in the filing that it determined that its products were used by, or for the benefit of, certain individuals and entities that have been blacklisted by the U.S. A number of the parties made payments to the company in connection with their use of the platform, the company said in the filing.

### **13. South Korea Will File WTO Complaint Against Japan Export Curbs**

Bloomberg.com, Sept. 10 - South Korea will file a complaint Wednesday with the World Trade Organization against Japan's export curbs on key materials used by its neighbor's chip and display makers, South Korea's trade minister said in a statement. Japan was politically motivated in taking the export control measures July 4 and is a "discriminatory" step directly targeting the nation, Trade Minister Yoo Myung-hee said. Japan's move came following South Korean Supreme Court's ruling on compensation to former Korean war-time forced laborers. Tokyo has denied the claims and has said the move was based on concerns about what it saw as lax South Korean export controls for sensitive materials. Relations between the two countries have sunk to their lowest point in decades, following a series of disputes, mostly rooted in unresolved rancor over Japan's 1910-45 colonization of the Korean Peninsula. Hostility spilled over to affect security ties when South Korea last month announced it would end a military information-sharing agreement with Japan.

### **14. Thanks to Border Wall, 'All-Out Brawl' Looms Over Pentagon Spending Bill**

DefenseNews.com, Sept. 10 - Senate Republican plans to quickly pass spending bills over the next few weeks now appear at risk, amidst a push from Democrats to rebuke President Donald Trump's diversion of military construction funding to the border wall with Mexico. A \$695 billion defense spending bill advanced Tuesday in the Senate Appropriations Committee, but the panel's top Democrat, Sen. Patrick Leahy of Vermont, warned it would not pass easily. He said he would propose amendments to the defense bill that would undo the president's actions on the wall and limit his flexibility to transfer and reprogram money. The bill emerged as the center of partisan rancor over efforts to fund the government and avoid a shutdown when spending runs out on Oct. 1. Senate Republicans had planned a sprint to get 12 spending bills needed before the end of the fiscal year, but that now appears to be in danger of unraveling. The full Senate Appropriations Committee is still expected to take up its defense spending bill on Thursday. It includes \$622.4 billion in base funding, \$70.7 billion in wartime spending, and \$1.7 billion for storm damaged military bases, according to a bill summary. Industry might note the inclusion of 96 Lockheed Martin F-35 Lightning II aircraft, eight Boeing F-15EX aircraft, and \$1.7 billion for General Dynamics M-1 tanks. The bill also provides \$24.4 billion for 14 battle force ships; including two Virginia Class submarines and three DDG-51 Arleigh Burke destroyers.

### **15. Why Program Cuts from Esper's Pentagon-Wide Review Could Come Sooner Than Expected**

DefenseNews.com, Sept. 9 - — U.S. Defense Secretary Mark Esper intends to implement changes from his review of Defense Department organizations on a rolling basis, rather than waiting until the review process is completely finished, according to the department's top spokesman. Jonathan Rath Hoffman, assistant to the secretary of defense for public affairs, said Monday that there's "no interest" from Esper to wait until the review is fully done or the start of the next fiscal year to start implementing program changes, including potential cuts. "It's going to be an ongoing process. If he makes a decision, it's not going to be 'I have to look through everything and then make some decisions.' If he sees a program that needs to end or be moved, he'll make that decision as quickly as he can," Hoffman told reporters. "He's going to make changes as we move forward. If he identifies changes that would save money, there's no interest in waiting until next year to start saving money." An Aug. 2 memo kicked off a departmentwide review of programs ahead of the development for the fiscal 2021 budget request. The goal is to find savings and drive a "longer-term focus on structural reform, ensuring all [defensewide] activities are aligned to the National Defense Strategy while evaluating the division of functions between defense-wide organizations and the military departments," per the document.

## **16. Not So Bad? Window of Opportunity May Exist for US Firms to Benefit from EU's Defense Fund**

DefenseNews.com, Sept. 10 - The Pentagon has repeatedly voiced concern about the European Union's fund for defense projects that divvies dollars primarily to EU companies, but a Raytheon executive in Europe is less concerned, noting that U.S. firms are not entirely shut out. The EU has yet to finalize language for how projects that fall within the €13 billion (U.S. \$14 billion) European Defence Fund might incorporate international participation. And certainly the Trump administration has criticized the EDF and the growing collection of programs under the Permanent Structured Cooperation initiative, or PESCO, as needless competition to NATO and unfair to U.S. companies. But U.S. firms can play a role, said Chris Lombardi, Raytheon's vice president for European business development, who's based in Brussels. During an interview at the DSEI defense and security expo, he pointed to the two scenarios that ultimately mirror the tactics used by European companies to participate in U.S. Defense Department programs. "Are there entities in Europe contributing as local industry? That's a way to leverage the money," said Lombardi, referring to U.S. companies that have set up a European subsidiary with an EU-based headquarters — technically qualified for funds only if they meet certain standards and get an exception. "But you can also through existing partnerships work on these projects. You might not leverage the EU funds [directly] coming out of the EDF, but you can contribute as part of a team."

## **17. The 2019 Arms Sales Risk Index**

Cato.org, Sept. 11 - The 2019 Arms Sales Risk Index, designed to help policy makers assess the potential negative consequences of international arms sales, is now online at Cato [here](#). It represents an expanded and improved version of the original risk index published in *Risky Business: The Role of Arms Sales in U.S. Foreign Policy*, published in 2018 by A. Trevor Thrall and Caroline Dorminey. The United States has long been the world's leading arms exporter. In 2018 the Trump administration notified Congress of \$78 billion in major conventional weapons sales, giving the United States 31% of the global arms market. Between 2002 and 2018 the United States notified Congress of over \$560 billion in sales of major conventional weapons to 167 different nations. Though arms sales can play an important role in American foreign policy, the risks involved with sending billions of dollars

of deadly weapons to all sorts of places are significant. The Arms Export Control Act of 1976 requires the executive branch to produce a risk assessment to ensure that the risks do not outweigh the potential benefits of selling major conventional weapons. Unfortunately, however, recent history strongly suggests that the risk assessment process is broken.

## **18. What Does State-of-the-Art Cybersecurity Look Like to the Pentagon?**

FifthDomain.com, Sept. 10 - The Department of Defense wants to hear from industry leaders about the Pentagon's proposal to grade contractors on their cybersecurity. The Defense Department is focusing on the cybersecurity of its suppliers. According to experts, while DoD requires compliance with certain standards released in 2017 from the National Institute of Standards and Technology, many companies blew past those deadlines and requirements. Now, DoD is rolling out what it calls the Cybersecurity Maturity Model Certification, a framework that grades companies on a scale of one to five. A one designates basic hygiene and a five represents advanced hygiene. The scale is flexible, officials said, and will adapt over time. Right now, Pentagon leaders want input from companies on what controls work and which don't. Feedback is due before Sept. 22.

## **19. The 3 Major Security Threats to AI**

C4ISRNet.com, Sept. 10 - The artificial intelligence community needs to put a lot more effort and money into systems protection to avoid it costing billions more down the line, according to the founding director of the Center for Security and Emerging Technology. Jason Matheny leads the center, a shop housed at Georgetown University's Walsh School of Foreign Service to provide policy and intelligence analysis to the government. Prior to launching the think tank, Matheny was assistant director of national intelligence, and before that he served as director of IARPA — the Intelligence Advanced Research Projects Activity. He currently sits on the National Security Commission on Artificial Intelligence. Speaking from that vantage Sept. 4 during a panel at the 2019 Intelligence and National Security Summit, Matheny said AI systems are not being developed with a healthy focus on evolving threats, despite increased funding by the Pentagon and the private sector.

## **20. 3-D Printers Could Help Spread Weapons of Mass Destruction**

ScientificAmerican.com, Sept. 10 - In the mid-1990s boy scout David Hahn used household objects and his scientific knowledge to start building a nuclear reactor in his backyard. Police and the Environmental Protection Agency stopped him before he could finish. Twenty years later, revolutions in manufacturing and computing have made projects such as Hahn's a lot more feasible; if he had access to a 3-D printer, for example, he might have finished his reactor before authorities intervened. Modern technologies also mean one does not need to be as smart as Hahn to create at least some kinds of DIY weapons. With the right machine and blueprints anyone can build a handgun in their living room—and firearms are just the beginning. Researchers fear that artificial intelligence and 3-D printing might one day create, on demand, weapons of mass destruction. A report published Tuesday from a multi-institutional research group led by the Middlebury Institute of International Studies at Monterey sounds an alarm about this possibility. "This is the proverbial wicked problem," says paper co-author Robert Shaw, Director of the institute's Export Control and Nonproliferation Program.



## **21. Italy Joins Britain's Tempest Combat Aircraft Program**

DefenseNews.com, Sept. 10 - Italy is expected to join a nascent British effort to build a sixth-generation fighter jet, expanding that program's membership club to three partners after Sweden signed up earlier this summer. Officials here at the DSEI defense trade show were still unsure as of Tuesday afternoon in what form the government-to-government agreement would be announced, saying that Italy's and Britain's turbulent political situations made for little certainty. It appeared that a written statement by the respective defense ministries would be published by Wednesday morning, to be accompanied by a formal event that day. The U.K. subsidiary of Italy's Leonardo has been part of the program since it announced its participation at the Farnborough Airshow last year, working on new new ideas for sensors and avionics. It remains to be seen if involving the whole of Italy's flagship contractor will alter the playing field on the industrial side.

## **22. Arianespace Reveals Manifest, Notes Launch Market Variety**

SpaceNews.com, Sept. 9 - Orders for geostationary satellites are beginning to rebound in a market that is far more varied than in the past, said Arianespace CEO Stéphane Israel. Of the 11 geostationary satellites ordered industry-wide in 2019, nine rely on electric propulsion. The satellite masses range from 300 kilograms for Astranis, a startup planning to provide internet links via satellite, to ViaSat-3 weighing in at 6,500 kilograms, Israel told reporters in a Sept. 9 briefing at the World Satellite Business Week conference here. In addition, Inmarsat announced plans in May to buy three GX Flex satellites from Airbus. The reprogrammable, 3,000-kilogram GX Flex satellites are small enough to share a ride into orbit. "We see the dominance of electric propulsion, a very large breadth of masses and the possibility of aggregating these satellites with the platform," Israel said. Arianespace has booked nine contracts since Jan. 1: two contracts apiece for Ariane 5, Ariane 6 and Soyuz plus three Vega contracts. Arianespace also announced plans this year to move the planned launch of the ViaSat-3 communications satellite from an Ariane 5 to an Ariane 6 rocket.

## **23. UK Has Robust Arms Export Controls But Will Reflect on Saudi Ruling: Wallace**

Reuters.com, Sept. 11 - Britain has a robust control system for weapons sales but is reflecting on a ruling that it broke the law in granting licenses to export arms to Saudi Arabia, defense Minister Ben Wallace said on Wednesday. An English court ruled in June that Britain broke the law by allowing arms sales to Saudi Arabia that might have been deployed in the war in Yemen, after activists said there was evidence the weapons had been used in violation of human rights statutes. The British government is appealing the ruling and no new export licenses to Saudi Arabia can be granted in the meantime. Asked by Reuters about the ruling after he gave a speech at the Defence and Security Equipment International arms fair in London, Wallace said the court had noted that Britain already had a robust system in place.

## **24. Opinion: Huawei Has a Plan to Help End Its War With Trump**

NewYorkTimes.com, Sept. 10 - After a week of interviews in Beijing, Shenzhen and Hong Kong, I've come away with some strong feelings about the United States-China trade dispute. There are two battlefronts: One is the negotiation to eliminate the barriers to

American companies competing in China, and the other is what to do about Huawei, China's enormous telecom networking company that Beijing sees as a crown jewel of national innovation and the Trump team sees as a giant global espionage device. . . . On the pure trade battlefield, I left China feeling that there's a decent chance a limited deal — rolling back some American tariffs in exchange for a resumption of certain Chinese purchases, particularly of agricultural products, from the United States — can be reached in the near term. Both sides could use such a deal. . . . That is why I was happy to accept the invitation of Huawei's founder and chief executive, Ren Zhengfei, to come to his company's headquarters in Shenzhen for a rare interview, which he used to — for the first time — propose negotiations with the Justice Department to try to resolve all the outstanding issues between Washington and Huawei. . . . And if the United States — which has no indigenous 5G networking manufacturer — still does not trust Huawei to install its equipment across America at scale, added Ren, then he is also ready, for the first time, to license the entire Huawei 5G platform to any American company that wants to manufacture it and install it and operate it, completely independent of Huawei.

## **25. Opinion: Will Trump Sell Out the U.S. on Huawei?**

WallStreetJournal.com, Sept. 9 - The greatest—and perhaps only—foreign policy accomplishment of the Trump administration has been the development of a coherent and genuinely bipartisan policy toward Xi Jinping 's China. The administration rightly declared Beijing a strategic rival and placed Huawei, China's multinational telecommunications giant, on the Commerce Department's so-called "entity list" as a national-security threat. This prevents U.S. companies from doing business with Huawei. China is a dangerous rival in artificial intelligence and machine learning. But for now it still depends on about 30 U.S. companies to supply Huawei with the core components it needs to compete in the 5G market. As long as Huawei remains on the entity list, it will lack crucial technology and be seriously weakened. The coming years will therefore be crucial in determining whether the U.S. or China comes out ahead in 5G. The current situation strongly favors the U.S. However, President Trump may soon undermine his own China policy and cede the advantage to Beijing.

## **26. Opinion: Restore Controls Over Dangerous Gun Exports**

TheHill.com, Sept. 10 - ne of the most ill-advised decisions made by the Trump administration is to transfer oversight of the export of firearms from the State Department to the Department of Commerce. The new policy will make it easier for terrorists, tyrants and criminal gangs to get access to U.S.-made semi-automatic pistols, assault-style firearms, sniper rifles and ammunition. To add insult to injury, it would also end the practice of notifying Congress of major firearms exports, thereby thwarting its ability to stop dangerous sales. This reckless approach to firearms exports should not be allowed to stand. Congress has a chance to reverse the current policy and restore executive branch and congressional oversight through this year's National Defense Authorization Act (NDAA). Incorporating House-approved language proposed by Rep. Norma Torres (D-Calif.) into the NDAA would block the Trump administration's plan to transfer authority over foreign firearms transfers from the State Department to the Department of Commerce. The NDAA will be finalized within the next week or so, so time is of the essence. The negative consequences of gutting firearms controls cannot be overstated.

**Upcoming Export Control and Other Trade Compliance Conferences -  
NEW EVENTS ADDED!**

**Sept. 17 - America's Small Business Development Centers and M-PALM - Automated Commercial Environment (ACE) Export Compliance Seminar - Chicago - College of DuPage**

**Sept. 10-11 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) & - Pacific Northwest Defense Coalition (PNDC) - Complying with U.S. Export Controls - Portland, Oregon - University Place Hotel**

**Sept. 18-19 - U.S. Dept. Commerce/Bureau of Industry and Security (BIS) & The District Export Council of Southern California - Complying with U.S. Export Controls - Los Angeles - Sheraton Gateway Los Angeles Hotel**

**Sept. 18-19 - U.S. Dept. Commerce/Bureau of Industry and Security (BIS) & The Minnesota Trade Office - Complying with U.S. Export Controls - Minneapolis - InterContinental Hotel MSP Airport**

**Sept. 24-25 - American Conference Institute - 12th Conference on the Foreign Corrupt Practices Act - San Francisco**

**Sept. 25 - American Conference Institute - National Forum on FARA - Washington DC**

**Sept. 25-26 - American Conference Institute - West Coast Conference on FCPA Enforcement and Compliance - San Francisco - Marines' Memorial Club & Hotel**

**Sept. 25-26 - Informa PLC - Global Trade Controls 2019 - London - The Hatton, 51-53 Hatton Garden**

**Sept. 25-26 - SMi Group - Defence Exports 2019 - Amsterdam - Ramada Apollo Amsterdam Centre Hotel - *Gary Stanley, Editor of Defense and Export-Import Update, will once again chair this important conference.***

**Sept. 27 - Space Coast World Trade Council - Terms of Trade, Tariff Classification, and Import/Export Formalities - Put-In Bay, Ohio - Village Town Hall**

**Oct. 1 - Strong & Herd LLP/Global Legal Services, P.C. - ITAR & EAR from a UK Perspective - Advanced Seminar - London - *Gary Stanley, Editor of Defense and Export/Import Update, will conduct this seminar.***

**Oct. 1 - Canadian Global Affairs Institute - Security, Commerce and FDI in Canada - Toronto - The Albany Club - 91 King Street East**

**Oct. 1 - Massachusetts Export Center - Incoterms® 2020 Rules - Boston - Starr Center at Schepens Eye Research Institute, 185 Cambridge Street**

**Oct. 2-3 - Canadian Institute - Canadian Forum on Global Economic Sanctions Compliance & Enforcement - Toronto - Sheraton Centre Toronto Hotel**

**Oct. 9 - Massachusetts Export Center - Powering Your Exports: A Program for Manufacturing and Tech Companies - Salem, Massachusetts - Enterprise Center at Salem State University, 121 Loring Avenue**

**Oct. 10-13 - Pacific Coast Council - WESCON 2019: Architects in Trade - Designing Our Blocks in the Chain - Rancho Mirage, California**

**Oct. 14 - Chatham House - Global Trade 2019 - London - Chatham House**

**Oct. 15 - American Conference Institute - 5th Asia Pacific Summit on Economic Sanctions Compliance and Enforcement - Singapore**

**Oct. 15 - Michigan District Export Council - Incoterms Rules for Americans - Troy, Michigan - Automation Alley, 2675 Bellingham**

**Oct. 16-17 - American Conference Institute - 8th Asia-Pacific on Anti-Corruption Singapore - Singapore**

**Oct. 17 - IDEEA, Inc. - ComDef 2019 - Washington, DC - Ronald Reagan Center - Gary Stanley, Editor of Defense and Export-Import Update, will moderate a panel, Export Control Update, featuring Heidi Grant (Director, DoD/DTSA), Mike Miller (Acting DAS, State/Bureau of Political/Military Affairs), and Matt Borman (Deputy Ass't Secretary of Commerce for Export Administration)**

**Oct. 17 - Chatham House - Illicit Financial Flows 2019 - London - Chatham House**

**Oct. 20-22 - International Compliance Professionals Association (ICPA) - 2019 ICPA Fall Conference - Grapevine, Texas - Embassy Suites by Hilton Dallas DFW Airport North**

**Oct. 22-23 - C5 Group - Anti-Corruption France - Paris**

**NEW - Oct. 23-24 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) - Complying with U.S. Export Controls - Milwaukee**

**Oct. 28-29 - Society for International Affairs - 2019 Fall Advanced Conference - Washington, DC - Marriott Wardman Park Hotel**

**Oct. 29-30 - Aéro Montréal and Cirrus Research Associates - Training on the Canadian Defence Market - Montreal**

**Nov. 4-5 - Aéro Montréal and McCarter & English - Training on the US Market - Montreal**

**Nov. 5 - America's Small Business Development Centers and M-PALM - Automated Commercial Environment (ACE) Export Compliance Seminar - Baltimore - Lofts Hotel**

**NEW - Nov. 5-6 - U.S. Dept. of Commerce/Bureau of Industry and Security (BIS) - Complying with U.S. Export Controls - Huntsville, AL**

**Nov. 12 - US Dept. of the Treasury/Office of Foreign Assets Control (OFAC) - 2019 OFAC Symposium - Washington, DC - Walter E. Washington Convention Center**

**Nov. 12-13 - Nielsonsmith - Customs Compliance in Europe 2019 - Düsseldorf, Germany**

**Nov. 18 - Cnxted ("Connected") Inc. - 2019 International Conference on the EU Cybersecurity Act - Brussels - Hotel Brussels**

**Nov. 19 - C5 Group - European Forum on U.S. Export Controls - Brussels**

**Nov. 20-21 - C5 Group - European U.S. Defence Contracting - Brussels**

**Nov. 20-21 - Nielsonsmith - The European Anti-Corruption Summit - Munich, Germany**

**Dec. 3-4 - C5 Group - 12th Advanced Conference on Customs Compliance - London - St. James' Court, A Taj Hotel**

**Dec. 4-5 - American Conference Institute - 36th International Conference on the Foreign Corrupt Practices Act - Washington, DC**

**Dec. 10-11 - American Conference Institute - 10th Annual New York Forum on Economic Sanctions - New York City**

**Dec. 11 - German Government/Federal Office of Economics and Export Control - 11th Information Day Export Control 2019 -Frankfurt - Cape Europa, Osloer Str. 5, 60327 Frankfurt am Main**

**Dec. 13 - European Commission - 2019 Export Control Forum - Brussels - Albert Borschette Conference Centre (CCAB) Room CCAB0A Rue Froissart 36**

**Jan. 23-24 - American Conference Institute - AML & OFAC Compliance for the Insurance Industry - New York City**

**Jan. 28-29 - American Conference Institute - 9th Forum on U.S. Export & Re-Export Compliance for Canadian Operations - Toronto - Toronto Airport Marriott Hotel - Gary Stanley, Editor of Defense and Export-Import Update, will once again co-chair this important conference.**

**Jan. 30-31 - American Conference Institute - 14th Forum on the Foreign Corrupt Practices Act - Houston**

**Feb. 5-6 - Nielsonsmith - Export Compliance in Europe - Munich, Germany**

**Feb. 11-12 - Nielsonsmith - European, EU and EU Member State Trade Controls Compliance for North American Companies Summit - Washington, DC**

**Feb. 24-26 - Society for International Affairs - 2020 Winter Back to Basics Conference - Las Vegas - Westin Las Vegas Hotel**

We hope this update proves helpful. If you have questions about any of these developments, please do not hesitate to call us. If you received this free newsletter from a colleague or friend and would like to subscribe directly, please just e-mail your name, title, company, and e-mail address to [gstanley@glstrade.com](mailto:gstanley@glstrade.com).

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**From:** Gary Stanley [REDACTED]@glstrade.com]  
**Sent:** 9/12/2019 2:44:59 AM  
**To:** Matthew Borman [Matthew.Borman@bis.doc.gov]  
**Subject:** Defense and Export-Import Update (Sept. 11, 2019)



**Dear All,**  
**Good Day!**

***Gary Stanley's Export Control Tip of the Day:*** The United States, along with 33 other countries, is a member of an informal group of nations, known as the Missile Technology Control Regime (MTCR), that have agreed to coordinate their national export controls on goods and technology that can contribute to missile proliferation. The MTCR provides guidelines for licensing policies as well as an Equipment, Software, and Technology Annex, which lists the items that the participating countries agree to control. These licensing procedures and list of controlled items are incorporated into the EAR, where the commodities are controlled for MT reasons. Commodities controlled for MT reasons require a license to all destinations other than Canada.

**Today's Items:**

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- 2. OFAC Targets Wide Range of Terrorists and Their Supporters Using Enhanced Counterterrorism Sanctions Authorities**
- 3. DoD/DSCA Notifies Congress of Possible FMS of F-35 Joint Strike Fighter Aircraft to Poland**
- 4. DoD Removes Obsolete National Industrial Security Program Regulations**
- 5. WTO News**
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- 26. Opinion: Restore Controls Over Dangerous Gun Exports**

**Upcoming Export Control and Other Trade Compliance Conferences - *NEW EVENTS ADDED!***

## **1. DDTC Posts Name Change Notice on Rheinmetall MAN Military Vehicles GmbH**

The U.S. Department of State's Directorate of Defense Trade Controls (DDTC) has posted on its website the following new name change notice:

- Rheinmetall MAN Military Vehicles GmbH to Rheinmetall Military Vehicles GmbH Name Change

## **2. OFAC Targets Wide Range of Terrorists and Their Supporters Using Enhanced Counterterrorism Sanctions Authorities**

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has utilized newly enhanced counterterrorism sanctions authorities to designate a series of terrorist leaders, facilitators, and entities. Equipped with new tools from President Trump's recently updated Executive Order (E.O.) 13224, which became effective September 11, 2019, Treasury designated 15 leaders, individuals, and entities affiliated with terror groups. These actions target a wide array of groups, including entities affiliated with HAMAS, the Islamic State of Iraq and Syria (ISIS), al-Qa'ida, and the Islamic Revolutionary Guard Corps Qods-Force (IRGC-QF), and combined with actions taken by the State Department amounts to some of the furthest reaching designations of terrorists and their supporters in the past 15 years. E.O. 13224, as amended, provides the Treasury and State Departments with new tools that allow the U.S. Government to better identify and designate perpetrators of terrorism worldwide. Specifically, the E.O.:

- Contains new designation criteria that allows the U.S. Government to more efficiently target leaders or officials of terrorists groups as well as individuals who participate in terrorist training;

- Provides for secondary sanctions against foreign financial institutions that have knowingly conducted or facilitated significant financial transactions on behalf of any person sanctioned pursuant to E.O. 13224;
- Authorizes Treasury to prohibit a foreign financial institution that has knowingly conducted or facilitated a significant transaction with any Specially Designated Global Terrorist (SDGT) from opening or maintaining a correspondent or payable-through account in the United States;
- Consolidates U.S. counterterrorism authorities under a single sanctions program by eliminating E.O. 12947 and combining that authority's goal of defending the Middle East Peace Process with E.O. 13224's global remit and expanded authorities.

As a result of these actions, all property and interests in property of these targets that are in the United States or in the possession or control of U.S. persons must be blocked and reported to OFAC. OFAC's regulations generally prohibit all dealings by U.S. persons or within the United States (including transactions transiting the United States) that involve any property or interests in property of blocked or designated persons. In addition, persons that engage in certain transactions with the designated individuals and entities may themselves be exposed to sanctions or subject to an enforcement action. Furthermore, pursuant to E.O. 13224, as amended today, all SDGTs are now subject to secondary sanctions. OFAC can prohibit or impose strict conditions on the opening or maintaining in the United States of a correspondent account or a payable-through account by a foreign financial institution that knowingly facilitates a significant transaction for any SDGT, or a person acting on behalf of or at the direction of, or owned or controlled by, a SDGT. Click [here](#) for identifying information the designated individuals and entities; click [here](#) for a White House Fact Sheet on the updated Executive Order (E.O.) 13224; and [here](#) for a Presidential Message to Congress on Modernizing Sanctions to Combat Terrorism.

### **3. DoD/DSCA Notifies Congress of Possible FMS of F-35 Joint Strike Fighter Aircraft to Poland**

The U.S. Department of Defense's Defense Security Cooperation Agency (DSCA) has notified the Congress that the Government of Poland has requested to buy thirty-two (32) F-35 Joint Strike Fighter Conventional Take Off and Landing (CTOL) Aircraft and thirty-three (33) Pratt & Whitney F-135 Engines. Also included are Electronic Warfare Systems; Command, Control, Communications, Computer, and Intelligence/Communications, Navigational, and Identification (C4I/CNI); Autonomic Logistics Global Support System (ALGS); Autonomic Logistics Information System (ALIS); Full Mission Trainer; Weapons Employment Capability, and other Subsystems, Features, and Capabilities; F-35 unique infrared flares; reprogramming center; F-35 Performance Based Logistics; software development/integration; aircraft ferry and tanker support; support equipment; tools and test equipment; communications equipment; spares and repair parts; personnel training and training equipment; publications and technical documents; U.S. Government and contractor engineering, logistics, and personnel services; and other related elements of logistics and program support. The estimated cost is \$6.5 billion. The prime contractors will be Lockheed Martin Aeronautics Company in Fort Worth, Texas; and Pratt & Whitney Military Engines in East Hartford, Connecticut. There are no known offset agreements proposed in connection with this potential sale. However, the purchaser typically requests offsets. Any offset agreements will be defined in negotiations between the purchaser and the contractor(s).



## 4. DoD Removes Obsolete National Industrial Security Program Regulations

(84 Fed. Reg. 47849) - The U.S. Department of Defense's Office of the Under Secretary of Defense for Intelligence has removed DoD's regulations on the National Industrial Security Program (NISP) regarding industrial security procedures and practices related to foreign ownership, control, or influence (FOCI) for U.S. Government activities. The interim final rule currently in effect is duplicative and obsolete. The Director of the National Archives and Records Administration's (NARA) Information Security Oversight Office (ISOO) is responsible for implementing and monitoring Executive Branch implementation of the NISP, and DoD's rule duplicates an amendment to the NARA rule on the same subject.

## 5. WTO News

- DDG Wolff: Multilateral trading system is vitally important to health of world economy
- Appellate Body issues report regarding Korean duties on Japanese pneumatic valves
- Trade Policy Review: Suriname

## 6. U.S. Customs and U.S. Census/AES Updates

- U.S. Customs - CSMS #39740350 - REMINDER: Collections Release 1 Deployed on September 07, 2019

- U.S. Customs - CSMS #39751905 - Trade Policy Update: Drawback Claim Dates & Mandatory DIS Uploads

- U.S. Customs - Customs Bulletin and Decisions

Index

General Notices

- U.S. Customs -

- U.S. Customs -

- U.S. Census - Global Reach Blog - Back to School, Back to Basics

- U.S. Census - Country Code Updated in the Automated Export System (AES) - Please note that the Country Code shown below has been updated in the AES, effective immediately. The following Country Code has been UPDATED in the AES:

<u>Country Name</u>	<u>Old ISO Country Code</u>	<u>New ISO Country Code</u>
Burma	BU	MM

The Country Name will remain the same.

## **7. Commerce/Enforcement and Compliance and U.S. International Trade Commission Actions and Votes**

- Commerce/E&C - Certain Steel Nails From Malaysia: Preliminary Results and Partial Rescission of Antidumping Duty Administrative Review; 2017-2018

## **8. GAO and CRS Reports, Testimony, and Correspondence of Interest**

- GAO - INFORMATION TECHNOLOGY: DOD Needs to Fully Implement Program for Piloting Open Source Software GAO-19-457: Published: Sep 10, 2019. Publicly Released: Sep 10, 2019.
- GAO - U.S. ASSISTANCE TO MEXICO: State and USAID Allocated over \$700 Million to Support Criminal Justice, Border Security, and Related Efforts from Fiscal Year 2014 through 2018 GAO-19-647: Published: Sep 10, 2019. Publicly Released: Sep 10, 2019.
- GAO - DEPARTMENT OF HOMELAND SECURITY: Review of Report on Agency Estimates of Foreign Nationals Unlawfully Residing in the U.S. GAO-19-640R: Published: Sep 10, 2019. Publicly Released: Sep 10, 2019.
- GAO - AVIATION SAFETY: Opportunities Exist for FAA to Improve Airport Terminal Area Safety Efforts GAO-19-639: Published: Aug 30, 2019. Publicly Released: Sep 10, 2019.
- CRS - U.S.-China Trade and Economic Relations: Overview
- CRS - U.S. Trade and Development Agency (TDA)
- CRS - Navy Ship Names: Background for Congress
- CRS - Legal Authority to Repurpose Funds for Border Barrier Construction
- CRS - Israel: Background and U.S. Relations in Brief
- CRS - Coast Guard Cutter Procurement: Background and Issues for Congress
- CRS - Venezuela: International Efforts to Resolve the Political Crisis
- CRS - United Nations Issues: U.S. Funding to the U.N. System
- CRS - Iran Sanctions

## **Other Headlines**

## **9. Chip Makers Still Await Clearance to Sell to Huawei**

WallStreetJournal.com, Sept. 10 - More than two months after President Trump agreed to ease export restrictions on Huawei Technologies Co., the U.S. has yet to green-light any sales to the Chinese telecom giant—frustrating U.S. chip makers that stand to lose billions of dollars in revenue. The Huawei blacklist, which went into force May 16, cut U.S. chip makers off from a pipeline that enabled them to send \$11 billion worth of components to Huawei last year. President Trump, meeting with Chinese President Xi Jinping on the sidelines of the Group of 20 summit in Osaka, Japan, on June 29, agreed to ease the blacklist for cases that didn't involve national security. But the Commerce Department has yet to grant any licenses for restricted sales. Analysts say the damage to chip-maker sales has already reached at least hundreds of millions—if not billions—of dollars in the more than three months since the ban took effect. Numerous chip makers have sharply cut revenue forecasts, even as some determined they could still sell Huawei certain products made outside the U.S. without violating export controls.

## **10. U.S., China Grant Trade Concessions Ahead of Fresh Talks**

Reuters.com, Sept. 11 - U.S. President Donald Trump on Wednesday welcomed China's decision to exempt some U.S. anti-cancer drugs and other goods from its tariffs and announced a delay to scheduled tariff hikes on billions worth of Chinese goods. Beijing's exemptions and Washington's delay came days ahead of a planned meeting aimed at defusing a trade war between the world's two largest economies. China's decision to exempt some U.S. goods was a "big move" by Beijing and a positive gesture before trade negotiators from both countries meet in Washington, Trump told reporters at the White House. China on Wednesday announced its first batch of tariff exemptions for 16 types of U.S. products, including some anti-cancer drugs and lubricants, as well as animal feed ingredients whey and fish meal, according to a Ministry of Finance statement on its website.

## **11. Amid Protests, U.S. Lawmakers Say Hong Kong Rules Could Leak Tech to China**

Reuters.com, Sept. 10 - A group of U.S. senators asked President Donald Trump's administration on Tuesday to assess U.S. export rules for Hong Kong, expressing concern China could acquire sensitive technologies because of the city's special treatment under U.S. law. The Republican and Democratic lawmakers also expressed concern about the use of crowd control equipment against protesters, seeking to put pressure on Beijing after three months of street protests, including sometimes violent clashes between demonstrators and police. "We believe it is critical that the United States take appropriate measures to ensure China does not abuse Hong Kong's special status under U.S. law to steal or otherwise acquire critical or sensitive U.S. equipment and technologies in support of its strategic objectives or to infringe on the rights of people in Mainland China, Hong Kong, and elsewhere," the senators said in a letter to Secretary of Commerce Wilbur Ross and Secretary of State Mike Pompeo.

## **12. Cloud-Services Company Cloudflare Discloses Potential Sanctions Violations**

WallStreetJournal.com, Sept. 10 - Cloudflare Inc., a provider of cloud-based networking and cybersecurity services, may have violated U.S. economic and trade sanctions regulations, the company disclosed in a regulatory filing. The San Francisco-based technology company, which is expected to go public as early as this week, has voluntarily disclosed potential

economic and trade sanctions violations to the Treasury Department, the company said in documents that declared the company's intention to go public. The prospectus, filed with the Securities and Exchange Commission last month, was amended last week. The company said in the filing that it made the self-disclosure in May to the Treasury's Office of Foreign Assets Control, which enforces U.S. sanctions, and the self-disclosure is under review by the agency. Cloudflare didn't immediately respond to a request for comment. Cloudflare said in the filing that it determined that its products were used by, or for the benefit of, certain individuals and entities that have been blacklisted by the U.S. A number of the parties made payments to the company in connection with their use of the platform, the company said in the filing.

### **13. South Korea Will File WTO Complaint Against Japan Export Curbs**

Bloomberg.com, Sept. 10 - South Korea will file a complaint Wednesday with the World Trade Organization against Japan's export curbs on key materials used by its neighbor's chip and display makers, South Korea's trade minister said in a statement. Japan was politically motivated in taking the export control measures July 4 and is a "discriminatory" step directly targeting the nation, Trade Minister Yoo Myung-hee said. Japan's move came following South Korean Supreme Court's ruling on compensation to former Korean war-time forced laborers. Tokyo has denied the claims and has said the move was based on concerns about what it saw as lax South Korean export controls for sensitive materials. Relations between the two countries have sunk to their lowest point in decades, following a series of disputes, mostly rooted in unresolved rancor over Japan's 1910-45 colonization of the Korean Peninsula. Hostility spilled over to affect security ties when South Korea last month announced it would end a military information-sharing agreement with Japan.

### **14. Thanks to Border Wall, 'All-Out Brawl' Looms Over Pentagon Spending Bill**

DefenseNews.com, Sept. 10 - Senate Republican plans to quickly pass spending bills over the next few weeks now appear at risk, amidst a push from Democrats to rebuke President Donald Trump's diversion of military construction funding to the border wall with Mexico. A \$695 billion defense spending bill advanced Tuesday in the Senate Appropriations Committee, but the panel's top Democrat, Sen. Patrick Leahy of Vermont, warned it would not pass easily. He said he would propose amendments to the defense bill that would undo the president's actions on the wall and limit his flexibility to transfer and reprogram money. The bill emerged as the center of partisan rancor over efforts to fund the government and avoid a shutdown when spending runs out on Oct. 1. Senate Republicans had planned a sprint to get 12 spending bills needed before the end of the fiscal year, but that now appears to be in danger of unraveling. The full Senate Appropriations Committee is still expected to take up its defense spending bill on Thursday. It includes \$622.4 billion in base funding, \$70.7 billion in wartime spending, and \$1.7 billion for storm damaged military bases, according to a bill summary. Industry might note the inclusion of 96 Lockheed Martin F-35 Lightning II aircraft, eight Boeing F-15EX aircraft, and \$1.7 billion for General Dynamics M-1 tanks. The bill also provides \$24.4 billion for 14 battle force ships; including two Virginia Class submarines and three DDG-51 Arleigh Burke destroyers.

### **15. Why Program Cuts from Esper's Pentagon-Wide Review Could Come Sooner Than Expected**